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NEWS SUMMARY

GENERAL

Irish call for deal with Maze men

Prof James Dooge, Ireland's Foreign Minister designate, urged Britain to deal directly with the Maze hunger strikers. He met Foreign Secretary Lord Carrington in Brussels.

In Belfast sporadic violence followed the death of Martin Hurson, 26, after 45 days without food. He was the sixth IRA prisoner to die. Back Page

At the Old Bailey three members of a loyalist Ulster Volunteer Force operation to send explosives to Northern Ireland via Glasgow received jail sentences totalling 17 years.

Polish admission

Poland's Communist Party central committee admitted ahead of an emergency congress today that it had lost touch with the workers. Back Page

Drug king guilty

London millionaire Alexander Sinclair, 36, head of an international drug ring, was among three found guilty of the "handless corpse" murder of syndicate member Marty Johnstone.

Spying charge

Malaysia arrested the political secretary to the prime minister-designate on charges of spying for the KGB. Page 3

Miners walk out

About 6,000 black mineworkers in Welkom, South Africa, went on strike. Planned pay deductions for death benefit had sparked a riot. Page 2

Waldheim plea

UN Secretary General Kurt Waldheim, opening a conference on Kampuchea, appealed for statesmanship to restore peace.

Border discord

Pakistan's Foreign Office summoned the Indian ambassador to explain "tendentious" Press reports of border clashes.

Bazaar man shot

Businessman Karim Dastmalchi of the Tehran Bazaar, a supporter of ousted President Bani-Sadr, was among 28 "counter-revolutionaries" executed. Defence cuts urged, Page 3

Belize stalemate

Britain and Belize, its American mainland colony, failed in five-day talks to settle differences with Guatemala over the neighbouring state's territorial claim.

Pump prices up

Other oil companies raised pump prices about 8p in line with Esso—and increases of up to 3p more could follow.

Swoop on fraud

Police arrested 68 in London, Manchester, Glasgow and Edinburgh over an alleged £500,000 fraud involving forged social security benefit books.

Whale mission

Conservationists will sail from California today in an attempt to protect the grey whale, hunted by a Soviet vessel. "If they want to shoot at us that's OK," leader Paul Watson said.

Mid-air arrest

A two-man police rescue team, training in the Avon gorge, was left dangling in harness 50 feet above a main road when hydraulic equipment failed. A civilian team lowered them to safety.

Briefly . . .

Oil tanker death toll in a Genoa explosion rose to four.

Sprinkbok rugby team will receive visas for a U.S. visit.

ATV Midlands will be renamed Central Independent Television from January.

Legionnaires' disease was identified in a woman who died in Paris.

BUSINESS

Sterling off 1.15c; FT index up 7.5

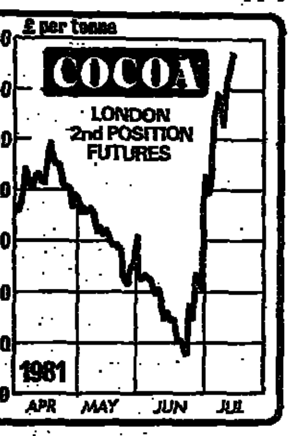
● STERLING fell 1.15c to \$1.882 and eased to DM 4.56 (DM 4.62), FFr 10.85½ (FFr 11.04) and SwFr 3.90 (SwFr 3.93½). Its trade-weighted index was 92.9 (93.3). Page 25

● DOLLAR declined to DM 2.4225 (DM 2.44) and SwFr 2.071 (SwFr 2.0775) but improved to Y228.35 (Y228.25). Its trade-weighted index fell to 110.1 (110.5). Page 25

● EQUITIES were boosted by late news of the BP issue's good prospects. The FT 30-share index jumped 7.5 to 532.1.

● GILTS drifted lower as early enthusiasm faded. The Government Securities index was 64.61, up 0.03. Page 28

● COCOA prices were boosted to their highest level for 13 months in London on news that the EEC had decided to apply the International Cocoa Agreement provisionally. The September position closed £24 up [illegible]



● GOLD fell \$4 in London to \$414. In New York, the Comex July close was \$405.4. Page 25

● WALL STREET was down 0.58 at 955.19 near the close. Page 26

● MILAN bourse resumed trading after a three-day suspension. The index of share values was provisionally down 9.63 per cent. Page 22; World Stocks, Page 26; Editorial Comment, Page 16

● BP shares closed at 296p yesterday, the closing date for *applications for its £624m rights issue*. Back Page

● SAUDI ARABIA is understood to be resisting pressure *from other OPEC members for* an extraordinary conference on the present oil surplus. Page 3

● EEC will demand stern limits on the growth of textile imports at the Multifibre Arrangement renewal talks in Geneva today. Back Page

● GOVERNMENT is determined to keep a firm rein on nationalised industry borrowing to keep interest rates from rising, Mr Leon Brittan, Chief Secretary to the Treasury said. Back Page

● JAPAN agreed financing terms to supply 750,000 tonnes of large-diameter steel pipe worth \$400m (£212m) to the Soviet Union. Back Page

● EUROCREDIT market's new lending in the first half ran at an average annual rate of \$79.3bn (£42.24bn), against \$62.3bn in last year's first half. Page 21

● RECEIVER was appointed to the British Printing Corporation's Park Royal factory in London after Sogat print union members reaffirmed their opposition to a survival plan.

● RANK ORGANISATION, leisure, industrial and consumer products group, saw first half taxable profits fall from £54.45m to £36.68m. Page 18; Lex, Back Page

● LRC INTERNATIONAL, rubber products, toiletries and pharmaceuticals group, increased pre-tax profits for the year ending March from £6.21m to £7.03m. Page 19

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		Sound Diffusion	115 + 13
Treas. 13¾pc 2000-03	£90⅞ + ½	Sun Life	318 + 10
Amalgamated Power	108 + 8	Thorn EMI	426 + 21
Assoc. Newspapers	228 + 7	Wearwell	90 + 4
Barget	188 + 8	Western Board Mills	138 + 6
Braby Leslie	44 + 6	Whitworth Elec.	88 + 9
Distillers	228 + 7	Wimpey (G.)	116½ + 4½
Finlan (J.)	150 + 10	BP	296 + 6
Firth (G. M.)	89½ + 9½	Shell Transport	368 + 16
Grattan Warehouses	100 + 8	CRA	248 + 12
Grindlays Bank	215 + 10	Silvermines	90 + 5
Manson Finance	96 + 13	**FALLS:**	
Mercantile House	938xd + 37½	Treas. 8¼pc 1984-86	£82¾ − ¼
Ofrex	103 + 13	British Sugar	328 − 5
Polly Peck	353 + 11	Commercial Union	173 − 5
Sketchley	270 + 7	Magnet & Southerns	150 − 6
		Rank Organisation	154 − 14

Mobil prepares to enter contest to control Conoco

BY PAUL BETTS AND DAVID LASCELLES IN NEW YORK

MOBIL OIL, the second largest U.S. oil company, yesterday prepared to enter the multi-billion dollar *contest for* Conoco and set the scene for possibly the world's biggest takeover battle.

Mobil disclosed it was putting together substantial loans through a syndicate led by Citibank to position itself for an offer.

Its emergence as a bidder came *only hours after* Seagram of Canada had sweetened its bid for control of Conoco, the ninth largest oil group, in an attempt to regain the initiative *from Du Pont*, the chemicals company whose cash and shares offer, worth \$6.9bn (£3.7bn) was accepted by the Conoco board last week.

These developments, which came in quick succession yesterday, further heightened the already feverish speculative wave on the *New York Stock* Exchange, where Conoco shares jumped nearly eight points to open at \$85 yesterday.

This is what Seagram, the world's biggest drinks group, is offering for 51 per cent of Conoco's outstanding stock in its latest move.

Texaco, the country's third biggest oil company, which is assembling a \$5.5bn package for what is expected to be another offer for Conoco, has still to show its hand.

For some time Mobil, like Texaco, has been shopping around for an acquisition to increase its declining oil and gas reserves. The company, with 1980 *sales of* \$59.5bn, bid unsucessfully last year for Seagram's U.S. oil and gas interests, which were acquired for \$2.3bn by Sun Corporation.

Mr Rawleigh Warner, Mobil's chairman, said: "We know Conoco and the business it operates. Conoco is a great company with fine resources and excellent management and personnel.

"Barring any governmental restraints, it now appears that Conoco will be sold. Preliminary studies indicate that a Mobil-Conoco merger would not create difficulties under existing anti-trust guidelines."

The latest Seagram bid involves an offer of \$85 a share for 51 per cent of Conoco in a deal worth a total of \$3.77bn. The offer expires on July 24.

Because of that, the bid was judged more attractive than Du Pont's, which could be delayed in regulatory anti-trust problems and has yet to be *approved by Du Pont* shareholders.

Moreover, although Seagram is offering less cash a share than the cash element in Du *Pont's offer*, the Seagram terms are worth more a share than the overall Du Pont cash and shares offer.

Du Pont is offering \$87.50 a *share for* 40 per cent of Conoco and 1.6 Du Pont shares for each remaining share. At current prices, Du Pont's overall offer is just above \$80 a share.

Conoco has negotiated a \$3bn credit arrangement with a group of banks *to defend itself from* a hostile bid. Wall Street yesterday speculated that Conoco might use these funds to buy its *own* stock to block a hostile takeover.

Yesterday's developments increase the possibility of popular and even political reaction to combinations of this *size involving* companies in the same industry. If Mobil took over Conoco, it would create the second largest oil company in the world after Exxon, displacing the Royal Dutch/Shell group.

There appears to be growing unease about the concentration of power that could result. Private and corporate borrowers are also becoming resentful at the apparent ease with which oil corporations can assemble multi-billion bank loans when credit is tight and interest rates *are close to their highest levels*.

In recent weeks oil companies have *negotiated* more than \$20bn in loans to position themselves either to make takeover offers or defend themselves against unwelcome advances.

The more relaxed anti-trust stance of the Reagan Administration *is believed to have contributed* to the recent run of big takeover. But a major oil merger could place the Reagan Administration in a dilemma which would allow the anti-trust hardliners to reassert themselves.

Conoco at eye of storm, Page 21; Lex, Back Page

MAJOR FUND-RAISERS

Lines of credit or financing set up this month by North American companies involved in the merger wave.

Seagram	\$3.6bn
Du Pont	\$3bn
Allied Corp.	\$3bn
Texaco	\$5.5bn
Pennzoil	\$2.5bn
Conoco	\$3bn
Mobil Oil	†
Marathon Oil	†

† Not yet announced

THE OIL GIANTS

	1980 Sales (\$bn)	1980 Earnings (\$bn)
Exxon	103	5.6
Shell*	[illegible]	4.2
Mobil	59.5	3.2
Texaco	51.2	2.6
BP*	48.8	2.7
Socal	40.5	2.4
Gulf	26.4	1.4
Standard Indiana	26.1	1.9
Atlantic Richfield	23.7	1.6
Conoco	18.3	1.0
Phillips	13.3	1.0
Du Pont†	13.6	0.7

* Sterling figures at £1=\$1.89.
† Not an oil company.

Industrial production slips again in line with Treasury forecast

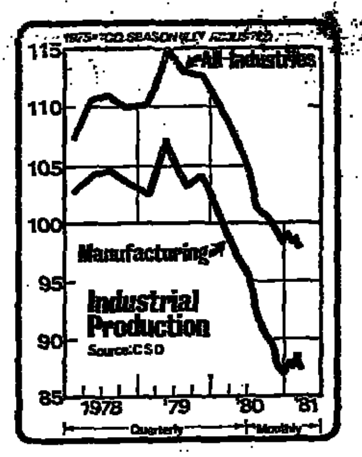
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL PRODUCTION in the UK shows no sign of recovery and is continuing to *fluctuate around the low levels* reached during the winter.

The latest Central Statistical Office figures, published yesterday, increase uncertainty about the state of the economy and raise doubts about claims by *the Treasury last week that the* low point of the recession had been reached.

Indeed, industrial production *fell* slightly in May, for the third month running. The all-industries index dropped to 98.0 from 98.8 in April (1975=100). The fall reflects the impact of disputes in the motor industry, notably at BL and Ford, and lower North Sea oil *output*, partly because of summer maintenance work.

Overall, the official view is that there has been some stabilisation in the level of *industrial production this year*. Manufacturing output has fluctuated around a level only marginally below that reached at the end of 1980.



The figures are in line with the view of the Confederation of British Industry that the rate of decline of output has slowed down. There is no firm evidence about the nature and timing of the trough.

Industrial production between March and May was 0.7 per cent less than in the previous three months, compared with a much more rapid rate of decline in the winter.

The latest figures are in line *with the gloomy view of the* new, unpublished, Treasury forecasts. The Treasury expects only a slow recovery with a rise in real Gross Domestic Product in 1982 somewhat higher than the ½ per cent increase *projected by the Organisation for* Economic Co-operation and Development but considerably less than the 2¼ per cent rise expected by the London Business School.

In detail, companies in many sectors, such as chemicals and textiles, say output is "bouncing along the bottom." But declines are reported in the footwear, brewing, commercial vehicle and construction industries.

The overall flattening out of production follows a sharp decline in the last 18 months. Industrial production between March and May, for example, was 9½ per cent below its level in the same period of 1980 and the drop would have been 9¼ per cent without North Sea oil *and gas production*.

On the same comparison, *manufacturing output* was 10 per cent below its level in the same period of 1980. Engineering production was 13 per cent down and there was a 12 per cent fall in the textiles, leather and clothing sector; and a 7 per cent drop in the production of the chemicals, coal and petroleum sectors.

In contrast, in the latest three months the mining and quarrying sector increased output by 6 per cent compared with the level a year ago, mainly reflecting higher North Sea oil and gas production.

Gas stoppage victory claimed

BY NICK GARNETT, LABOUR STAFF

THE PRINCIPAL unions in the gas industry claimed virtual total support for yesterday's 24 hour national stoppage in protest at the Government's decision to tell British Gas to sell off its 900 showrooms over the next five years. The stoppage amounted to a dress *rehearsal* for a threatened all-out strike later in the year.

Union officials said the strength of support in the first ever national stoppage of white collar and manual workers in the industry was a serious warning *to ministers*.

Mr David Stirzaker, National *and Local Government Officers* Association national officer for the industry said yesterday the Government would have to admit its mistake to prevent the issue intensifying into a full scale and indefinite strike.

The General and Municipal Workers Union said 46,000 members had stopped work apart from those providing emergency cover and a few who might have crossed picket lines. Nalgo said the same of its *54,000 members*.

By last night there had been no *reported interruptions* to gas supplies and no major hazards to public health. All service centres and gas showrooms were shut though, and *the corporation said it was* having difficulty in some areas in providing adequate emergency cover.

In some areas the unions' agreement to provide emergency cover, had been withdrawn *over the weekend* following disputes with local management about how that cover should be provided.

The unions accused some local managements of victimisation and of bringing in extra staff *when this was not* warranted. The corporation said yesterday it "deplored excessive industrial action" in some localities.

The Northern and Midlands areas, with managers carrying out emergency work, appear to have been the most seriously *affected*.

The unions are meeting the corporation today to discuss the Government's decision, which the unions argue could mean *the loss of up to 30,000 jobs*.

They have also requested a meeting with ministers to discuss assurances which have been given that there would be minimum effects on employment. The showrooms employ about 3,500 people.

It is unclear, though, whether commitments on employment would be enough to satisfy the unions.

Mr John Edmonds, GMWU national officer for the industry, said the unanimous support of the union's members demonstrated the bitterness they felt.

"We hope that now we have demonstrated that we can bring the industry to a complete halt, that the Government will listen to the very strong arguments against damaging a successful nationalised industry."

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Whitelaw pressed for tougher action to beat rioters

BY RICHARD EVANS AND RHYS DAVID

THE PRIME MINISTER is *pressing for more urgent* measures to be announced this week by Mr William Whitelaw, the Home Secretary, to enable the police to deal more effectively *with the continuing spate* of serious civil disturbances.

Indications at Westminster last night were that Mr Whitelaw, who has not favoured substantial changes in the law, is now facing heavy pressure from MPs, backed by Mrs Thatcher, to reassure the public with a more wide-ranging package.

This will include tougher police tactics with the development of "snatch squads" against rioters' leaders, the use of water cannon if necessary, faster deployment of police forces and opening Army prison camps to take convicted rioters and looters.

The package is likely to be announced by the Home Secretary during the Commons *debate on the civil disturbances* scheduled for Thursday, but an announcement tomorrow has not been ruled out.

It is clear that there are *continuing arguments among ministers* over the most sensible and realistic package to meet what is commonly accepted as the worst crisis to hit Mrs Thatcher's administration. Details will be completed at ministerial discussions today and tomorrow and at the Cabinet on Thursday.

The pressure for action was evident among Conservative *MPs when they questioned Mr* Whitelaw closely at a private meeting of the Tory backbench Home Affairs Committee. Many MPs who had not favoured widespread action returned from their constituencies after the weekend alarmed at the scale of reassurance needed.

The Prime Minister returned to London last night after an unannounced six-hour visit to Liverpool, where she toured the *worst-hit* areas of Toxteth, met church and community leaders and visited the city's police headquarters.

Mrs Thatcher was pelted with a tomato and toilet rolls as she left Liverpool town hall. She described the past 10 days as the most worrying since she had taken office and said her reaction to events had been one of shock.

Mrs Thatcher did not promise any major new initiatives during her Liverpool visit which took place under security provisions much more reminiscent of the U.S.

The visit was believed to be the first time that a Prime Minister *has arrived unannounced* in a mainland city. For security reasons the technique has always been used on trips to Northern Ireland.

The Prime Minister warned that the community itself bore part of the responsibility for trying to understand what had gone wrong and for finding solutions. She praised the police, whom she said had *behaved magnificently*, and she urged strong public support for them.

The Prime Minister confirmed that the Government was *considering whether public order* or riot legislation needed to be improved. Special courts could be set up under existing legislation where there was a need to speed proceedings involving riot cases, she added.

The argument within the cabinet will surface today when the economic committee is due to consider the extended package of measures proposed by Mr James Prior, the Employment Secretary, for dealing with youth unemployment.

Thatcher visit picture, Page 10;
Call for cash aid, Page 6;
Benefits not paid in riot areas, Page 10

Accord hopes at Ottawa

BY JONATHAN CARR IN BONN

WEST GERMANY and France are determined to avoid confrontation with the United States at next week's world Economic Summit Conference in Ottawa, despite their concern over high American interest rates.

This has emerged at the end of talks here, which brought wide foreign policy accord but failed to remove Bonn's concern *over the new socialist economic* course being followed by Paris.

Chancellor Helmut Schmidt and President Francois Mitterrand agreed that U.S. monetary policy, and its depressive impact on European economies, must come under scrutiny at the Ottawa conference.

But there is to be no effort *to isolate the issue and put the* U.S. "on the spot"—an effort which it is felt would in any case be doomed to failure.

The main aim for Ottawa is now described as discussions on avoiding development of "nationalistic - egotistical" policies in trade, monetary and other fields.

Continued on Back Page
Plenty to agree about, Page 2

Schmidt and Mitterrand find plenty to agree about

BY JONATHAN CARR IN BONN

AT FIRST sight it looked just like old times. There was Chancellor Helmut Schmidt praising the exceptionally close relations between West Germany and France and expressing confidence that these will be maintained in coming years. There was the French President speaking of the "privileged friendship" between Bonn and Paris and saying he was "exceptionally satisfied" with his two-day visit to Bonn.

The odd thing is that this was not the liberal French President Valery Giscard d'Estaing with whom Herr Schmidt has had such friendly ties for years. It was M Francois Mitterrand, who defeated M Giscard in the May elections, and whose socialist views were once said to be too radical for a middle-of-the-road Social Democrat like Herr Schmidt to stomach.

It had long been expected in Bonn that M Mitterrand would be much closer to his old acquaintance, Herr Willy Brandt, chairman of the West German Social Democratic Party, than to Herr Schmidt. Yet in his talks in Bonn on Sunday and yesterday M Mitterrand made at least one thing very clear. He is, if anything, an even stricter supporter of the Nato decision to correct the East-West nuclear missiles imbalance than is the Bonn Government.

M Mitterrand clearly thinks little of the apparent concessions made by the Soviet side during Herr Brandt's recent talks in Moscow. The President's main concern seems to be that the West should negotiate with Moscow from a position of reasonable strength—which means in the first place further armament efforts.

Interest rate

On yet another key issue M Mitterrand and Herr Schmidt found themselves in accord — that the U.S. high interest rate policy is seriously depressing the European economies, and that the consequences of this must be underlined to President Ronald Reagan at the Western economic summit conference in Ottawa next week.

For Herr Schmidt, close ties with France remain a foreign political necessity and a matter of personal conviction. The Chancellor is reliably understood to have given up hope that Britain will play what he feels to be a far-sighted role within the European Community. He has, in short, become a "Gaullist" as far as Britain is concerned.

France thus remains at the top of Herr Schmidt's European policy list, despite the change of power in Paris and its attendant problems.

Despite appearances, this does not imply that Franco-German relations remain the same as ever. The French side stresses that M Mitterrand wants to see excellent ties with Bonn maintained, but also to see some bridges rebuilt with Britain which he feels were destroyed under his predecessor.

A senior Bonn Government official also underlined yesterday the problems which he felt could well emerge for West Germany and the rest of Europe from the socialist economic course announced by M Mitterrand's administration. He declared bluntly that the consequences in terms of increased French inflation could be "simply disastrous" and expressed hope that the new Government in Paris would trim its policy sails before it was too late.

The same official acknowledged that broad foreign political accord with France was highly desirable, but also stressed that Bonn and London had a considerable common interest in EEC budgetary reform as the two biggest net contributors to Brussels. It was not clear that Bonn and Paris were so close to one another on this issue.

● M Mitterrand and Herr Schmidt (right) meet in Bonn

Black workers riot and strike at South Africa mine

BY STEVEN FRIEDMAN IN JOHANNESBURG

UP TO 10,000 black mineworkers went on strike at Anglo-American Corporation's President Steyn gold mine at Welkom, Orange Free State, yesterday.

Rioting broke out at the mine, and strikers damaged and looted two dining-rooms in the black-worker compound. They injured a white official and damaged vehicles, according to police.

The numbers involved make this the biggest such incident at a South African mine for some years.

The President Steyn mine was hit by a strike and riot in 1978, which caused an estimated R1m (£588m) damage. It is regarded as the Anglo-American group's premier mine in the Orange Free State, producing almost 394,000 oz of gold in the six months to March 1981, and reporting pre-tax profits of R115m (£67.6m).

According to Anglo-American, yesterday's unrest was prompted by a planned change in the mining industry's death benefit scheme for black workers.

Instead of receiving a small sum on the death of a miner, his family now receive two years' pay. But miners will now have to contribute 0.6 per cent of their pay to the scheme.

This had been explained to workers late last month and they had received a more detailed briefing last week, Anglo American said. On Sunday evening, rioting broke out, apparently in reaction to the planned deductions which will begin in about four months.

By late yesterday, calm had returned to the mine, but workers were still on strike, according to the company, which has not yet assessed the damage.

South Africa's mines experienced repeated violence during the mid-1970s. The mines attributed this tofightingbetw attributed this to fighting between workers of differing ethnic backgrounds. But observers suggested that the migrant labour system and "inadequate" communication channels for black workers lay at the root of the unrest.

Over the past few years, there have been only scattered incidents on the mines.

Banks grow more optimistic over Polish debt talks

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE TASK FORCE of international banks spearheading Poland's commercial debt rescheduling negotiations is to meet again in Zurich on July 22 and 23 in the hope of ratifying the compromise solution worked out at its last meeting in Paris.

The meeting, at the headquarters of Union Bank of Switzerland, comes one day earlier than expected for technical reasons, bankers said yesterday, although there is now a growing feeling of optimism that the bulk of the problems faced in the negotiations can be resolved.

U.S. banks, who had opposed a previous suggestion calling for a quick rescheduling of Poland's commercial debt falling due between March 26 and the end of this year, are meeting this week in New York to prepare their response to the new plan. This calls on Poland to provide detailed economic information before the rescheduling becomes operative.

It is thought that their response to this suggestion is likely to be basically positive, although what is not clear is the degree to which solutions to some of the technical problems surrounding the rescheduling will also be thrashed out in Zurich.

These include a disagreement between Swiss and French banks over whether floating rate notes should be included in the rescheduling agreement, as well as the request by Chase Manhattan that special treatment should be given to its loans granted in 1975 and 1978 for copper mine development. Repayment of these loans was tied to proceeds of copper exports.

Any rescheduling consensus reached at the task force meeting would still have to be accepted by the Polish authorities themselves.

That currently under consideration calls for the more or less immediate rescheduling of 95 per cent of the debt falling due for a period of 7½ years at a margin of 1¾ per cent over London Eurodollar rates once the relevant economic data is supplied. Meanwhile, banks would abstain from declaring default on non-repayment of debt for the rest of this year.

● Poland simmered with industrial tension yesterday on the eve of the Communist Party Congress, Reuter reports from Warsaw. At least three labour disputes were reported in spite of calls for industrial peace from the Government and Solidarity, the independent trade union.

Bus drivers in Kutno, west of Warsaw, twice staged two-hour strikes for more food, workers in an office equipment factory in Torun voted to oust their manager, and employees of Lot, the State airline, said their plans for an indefinite strike next week remained unchanged.

Solidarity reported that railway workers in several areas had announced support for Lot employees who are demanding the right to elect their own boss.

Ten press ahead with Afghan plan

By Our Brussels Correspondent

EEC GOVERNMENTS yesterday refused to regard as dead and buried their plan for an international conference to secure Soviet withdrawal from Afghanistan, despite indications that Moscow regards it as "unrealistic and unacceptable."

However, the Soviet statement —attributed to Mr Andrei Gromyko, the Soviet Foreign Minister, in a Pravda report at the weekend — clearly influenced EEC foreign ministers' agreement not to consider changing the proposals for the time being.

The Pravda report was the first serious indication that the Kremlin regarded the proposal as "unacceptable," a word Mr Gromyko avoided using in talks in Moscow last week with Lord Carrington, the British Foreign Secretary and currently president of the EEC Council of Ministers.

After hearing Lord Carrington's report on the Moscow talks yesterday, the Ten agreed tha the UK, as Community president, should press ahead with promoting the conference idea.

Officials claim that there is nothing surprising in Mr Gromyko's reported reaction to the proposal and that further international pressure will be required to change Moscow's mind.

In the meantime, they claim the initiative has succeeded its first aim of putting the Soviet invasion of Afghanistan back in the forefront of international attention.

Pretoria 'clearing buffer zone in South Angola'

BY STEVEN FRIEDMAN IN JOHANNESBURG

SOUTH AFRICAN troops have carried out a series of raids into southern Angola, aimed at creating a "buffer zone" between Namibia and Swapo insurgent bases, according to reports in Johannesburg.

The Namibian border war has intensified over the past few days, with 114 insurgents killed in the past week. The raids into Angola seem to be the reason for the increase in the war dead.

According to reports, the South African troops are using new tactics. Airborne specialist troops are attacking positions across the Angolan border.

Mozambiquan journalists, who have visited the area, said the local people "live in constant terror," prompted by an almost permanent South African aerial presence over southern Angola.

They said that eight Angolan towns were experiencing "wartime conditions." One, Evale, has been attacked three times, and the provincial capital, Ondjiva, has been bombed.

A road leading to the Angola-Namibia border is said to be "under constant bombing attack."

The officer commanding South Africa's Namibia force, Maj Gen Charles Lloyd, said his troops were "not allowing SWAPO to establish bases within striking distance of South West Africa-Namibia."

Some observers see the "buffer zone" attempt in the context of recent American peace initiatives and suggest that Pretoria is attempting to strengthen its position prior to a new Western diplomatic initiative.

But Gen Lloyd said that South Africa was not seeking to escalate the border war.

South African official sources claim a famine in Southern Angola has driven three times the usual number of SWAPO insurgents into Northern Namibia in search of food in recent months.

Gen Lloyd said that this had meant "we had quite a number of SWAPO terrorists to look after" inside Namibia. His troops had decided to step up their activities inside Namibia and to embark on search and destroy operations.

COMMUNIST PARTY CONGRESS IN WARSAW

Moscow tastes the bitter pill of reform

WITH THE opening today of the Congress of the Polish Communist Party, the Soviet Union may have calmly passed up its last chance to suppress the reform movement in Poland.

The party congress in a Socialist state is the highest expression of the will of the party. To mount an invasion of Poland in order to overturn the results of a party congress, at which the delegates are freely elected, would be an admission of ideological bankruptcy almost as damaging as the material cost of the invasion itself.

In the Soviet invasions of Hungary, Czechoslovakia and Afghanistan, there were two conditions which permitted for the intervention to take place. There were a group of native collaborators with whom the Soviet Union could work and a pretext for justifying the invasion, at least after the fact.

Poland's greatest protection against invasion has been fears of its will to resist. Another guarantee of Poland's independence from the Soviet point of view is that neither of the normal preconditions for an invasion exist.

The absence of potential collaborators in Poland reflects the unity of the Poles. For the Soviet Union, it is the price of delay. Ever since the independent Polish trade unions in Poland were established, the pro-Soviet base in the country has been crumbling, first in the working class and then in the party.

At the same time, the strength of the Solidarity trade union has grown with a rapid rise in membership and the formation of the farmer's free union, Rural Solidarity.

The Party Congress will take the process of change which has so eroded Soviet support and give it the imprimatur of legitimacy. In the event of an invasion, the Soviet Union would not only be deprived of ready collaborators but of the barest justification for its actions as well.

The Soviet Union has apparently reacted to a steady deterioration of its position in Poland with a steady scaling down of its expectations. Some reliable East European observers believe that an invasion was discarded all but definitively many months ago.

The celebrated Soviet letter to the Polish leaders last month, in which Moscow warned that Poland's existence as an independent State was in danger may have been intended to provide the psychological backdrop to a bid by pro-Soviet hardliners to remove Mr Stanislaw Kania, the Polish party leader.

When the hardliners' bid failed and Mr Kania was re-elected, the Soviet Union had to abandon hope of dealing with a more obedient Polish leadership and thus was confronted with the choice between tolerating Polish independence or invading Poland to suppress it.

The final decision to let the Congress go ahead and leave the Poles to determine their own future may have been made in mid-June. In a television broadcast on June 28, given by Mr Nikolai Shishlin, an adviser to Mr Leonid Brezhnev, the Soviet President, and by Mr Vadim Zagladin, a central committee spokesman, the Soviet position was made clear.

Mr Shishlin said that the Soviet letter had been misinterpreted and the most important passage did not concern the threat to Poland's independence but, rather, the "full understanding of the Soviet leadership for the Polish party's attempt to correct past mistakes and restore the trust of the Polish working class for the party."

Mr Zagladin said that the Soviet Union did not oppose the changes in Poland because to be against change was "incompatible with socialism." The Soviet Union was only trying to show that there were "anti-socialist forces" in Poland.

The Soviet Union is not opposed to "the perfection of socialism," Mr Zagladin said. "This is the essence of our position." It is also likely to stand as the essence of the Soviet position after the Congress.

Grishin leads Soviet delegation

By Anthony Robinson, East Europe Correspondent

MR VIKTOR GRISHIN, a senior Soviet politburo member of ten years' standing and former head of the Soviet trade union organisation, arrived in Warsaw yesterday at the head of the Soviet delegation to the Polish Communist Party congress.

Mr Grishin is also head of the Communist Party organisation in Moscow and, at 67, is a potential successor to President Leonid Brezhnev.

At the last party congress in February, 1980, the Soviet delegation was led by Mr Mikhail Suslov, the 79-year-old guardian of ideological purity.

But Mr Suslov came away empty-handed from a visit to Warsaw in May which preceded the despatch of the letter from the Soviet Central Committee that is now seen as the last attempt by the Soviet leadership to change the reformist Polish party leadership.

Mr Stanislaw Kania, the Polish first secretary, is expected to be re-confirmed as party leader soon after the congress opens today if delegates vote, as expected, to change the rules of election.

Mr Kania (right) welcomes Mr Grishin to Warsaw

Securities move in Switzerland

ZURICH—The Swiss National Bank said yesterday it had been authorised to sell debt certificates worth SwFr 500m to a foreign monetary authority "in the interests of international monetary co-operation."

A bank spokesman said it was the first time that these securities have been sold to a foreign entity. Formerly they had been sold only to domestic buyers in order to steer the domestic money markets.

AP-DJ

Mugabe meets Machel for border security talks

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE'S Prime Minister, Mr Robert Mugabe, flew unexpectedly to the border city of Umtali yesterday for talks with President Samora Machel of neighbouring Mozambique, over renewed fears about security along their common border, and concern about the safety of the two railway lines through Mozambique to the sea.

Worries about the threat posed to the key rail links to Beira and Maputo by South African-backed dissidents in Mozambique have resurfaced as the latest economic review from the Reserve Bank of Zimbabwe warns of a slowdown in the country's economic growth rate this year.

It blames shortages of foreign exchange, skilled labour, and transport capacity.

The two rail lines from Zimbabwe through Mozambique are carrying an increasing proportion of the country's trade as it seeks to reduce its dependence on the South African transport system. But their operation is threatened by rebels from the Mozambique Resistance Movement.

Last week, Zimbabwe warned it might be necessary to reimpose restrictions on petrol consumption, in addition to the 20 per cent cut in diesel usage already announced, because of transport congestion on the South African routes. Both Mr Mugabe and President Machel were accompanied at yesterday's talks by transport and military advisers.

The economic picture presented by Zimbabwe's central bank is of a considerably slower rate of expansion than the almost 10 per cent in 1980, accompanied by faster inflation this year.

One reason for the expected slowdown in the economy is the balance of payments constraint, with the central bank warning that it will not be possible to repeat this year the 40 per cent increase in import allocations experienced in 1980.

Deadlock over Spain's bid to join EEC

BY JOHN WYLES IN BRUSSELS

PROGRESS in negotiations on Spain's bid to join the European Community remained blocked in Brussels yesterday by French tactics which left Sr Jose Pedro Perez, the Spanish Foreign Minister, disappointed but anxious to avoid issuing a public reproach.

His low key reaction stems, apparently, from the hope that France will soon start to honour assurances which President Francois Mitterrand reportedly gave Sr Leopoldo Calvo Sotelo, the Spanish Prime Minister, during talks in Paris on June 25.

Spanish officials say M Mitterrand has led Madrid to expect a French willingness to allow the EEC to begin negotiations on some of the agricultural aspects of Spanish membership as well as progress in other areas.

Such a change is vital to the Spanish Government, which wants to speed negotiations so that there is a prospect of EEC membership to help it deal with any internal threats to the democratic regime.

Yesterday's Ministerial-level meeting was the eighth since membership negotiations with the EEC started two years ago. Since then, the prospective date of Spanish accession has slipped by at least 12 months to early 1984, largely because of the pause imposed on the negotiations by the previous French Government.

On the evidence of yesterday's negotiations, the change in the French position, if real, is only slowly filtering down from the Elysee Palace. On the two points at issue—whether and on what terms the EEC should present its proposals on customs union with Spain and when agricultural negotiations could get under way — M Andre Chandernagor, France's Minister for Europe, was only modestly flexible.

During discussions among the Ten before the session with Sr Perez-Llorca he removed France's objection to the Community promising to make its statement on customs union "as soon as possible."

However, France is still insisting that Spain promised to introduce the value added tax system at the time of its accession and before the EEC statement on customs union can be made.

There was little change in the French position on agriculture, which remains that little can be accomplished with Spain until the Community has completed its own internal negotiations on reforming the Common Agricultural Policy.

A SENIOR Spanish Foreign Office official is due in London tomorrow to explore, among other things, the possibilities of breaking the Anglo-Spanish deadlock over *Gibraltar's* future, writes John Wyles in Brussels. The visit, arranged some time ago, has been given added point by a meeting in Brussels yesterday between Lord Carrington, the British Foreign Secretary (above right), and Sr Jose Pedro Perez Llorca, his Spanish counterpart (left) during which Spain's commitment to the so-called Lisbon declaration was reaffirmed.

When it was agreed in April, 1980, it was hoped that this joint declaration could lead to a speedy removal of the border restrictions between Spain and Gibraltar and negotiations on a settlement. However, Madrid apparently had second thoughts on opening the border and has been seeking changes in the rights of Spanish citizens in Gibraltar as a precondition.

Oil expected to dominate Calvo Sotelo visit to Mexico

BY TOM BURNS IN MADRID

THE SPANISH Prime Minister, Sr Leopoldo Calvo Sotelo, today begins a four-day trip to Mexico where his talks with President Jose Lopez Portillo are expected to centre on the price fluctuations of Mexico's crude exports to Spain. Mexico is Spain's second most important source of oil after Saudi Arabia.

Officials in Madrid said yesterday that Sr Calvo Sotelo would seek to discuss the price of Mexican crude which will relate to the 100,000 barrels a day contracted from Pemex, the Mexican national oil company, on behalf of the Spanish Government by Hispanoil, the state concern, as part of the Industry and Energy Ministries' official quota for 1981. The price was reduced by $4 per barrel last month but was raised again by $2 per barrel on July 1.

The two Spanish private companies, Cepsa and Petronor, which are intending to import 60,000 b/d and 30,000 b/d respectively this year, are believed to have accepted the July 1 price rise.

So far, Spain has not commented officially on the latest Mexican price movement. The original price reduction was greeted with relief by Madrid officials.

Sr Calvo Sotelo is travelling with Sr Jose Pedro Perez Llorca, the Foreign Minister, and Sr Jose Antonio Garcia Diez, the Economics Minister. Officials said that, in negotiating crude prices, the two countries would examine joint projects in shipbuilding and nuclear plant construction which were discussed earlier this year following a visit to Mexico by Sr Ignacio Bayon, the Spanish Industry and Energy Minister.

Politically, the visit to Mexico—the first by Sr Calvo Sotelo to Latin America since he assumed office—will serve to readjust Spain's traditional Hispanic ties at a time when the main diplomatic emphasis by Madrid is geared to the European Community and the North Atlantic Treaty Organisation.

Mexico to cut spending, Page 4

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Saudis shun pressure for urgent OPEC talks

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SAUDI ARABIA is understood to be resisting pressure from other members of the Organisation of Petroleum Exporting Countries (OPEC) for the convening of an extraordinary conference to discuss the current oil surplus.

Despite the looming revenue crisis facing several producing states, in particular Nigeria, the world's leading oil exporter is determined as ever to unify prices at a basic reference of $34 per barrel, $2 above the level set for its own Arabian Light.

Not unless there are firm indications that other members would agree to such a compromise is Saudi Arabia prepared to attend an extraordinary conference.

Last month it was estimated that total OPEC production had slumped to as little as 22m barrels a day, meaning that the proportion accounted for by Saudi Arabia's lower priced crude could have been as much as 48 per cent. It is still maintaining an output of up to 10.3m b/d and also pumps crude from the Neutral Zone shared with Kuwait.

In their frustration, meanwhile, several OPEC members adversely affected by the Kingdom's high rate of output and flagging demand, including Nigeria and Libya, have threatened to embargo companies which have either suspended lifting or indicated their intention to do so, according to industry executives.

A fortnight ago Libya, which with the consent of Nigeria and Algeria, lowered its prices by $1-1.10 per barrel, was told by customers that they would not require some 250,000 b/d. Its production has now fallen below the 1.58m b/d level set in conjunction with 10 other members of OPEC agreed in May. The Libyan reduction was reckoned to have been a realignment with the prices of its fellow North African producers—Nigeria, Algeria and Gabon, which are believed to have made no concessions as yet.

Nigeria has been hardest hit. Its output is now reckoned to have fallen to little more than 1.3m b/d compared with rather more than 2m b/d a year ago.

Algeria has been in a stronger position, not the least because of the nature of the commitments undertaken by its customers. Its production is believed to be running at 800,000 b/d compared with 1m b/d earlier this year.

Oman has cut its oil price by $2 a barrel to $36.50 a barrel in the face of a continuing weak market, writes Ray Dafter, Energy Editor. But it is still facing pressure from customers in the West and in Japan to cut prices further.

Japanese buyers, for instance, have told the Omani oil authorities that market conditions do not warrant a price of more than $35 a barrel—the current value of the slightly higher quality North Sea crude.

Iran urged to make £1.3bn defence cuts

BY TERRY POVEY IN TEHRAN

IRAN'S defence spending will be cut by one third—$2.5bn (£1.32bn)—in the current year if sweeping proposals from a parliamentary commission to change the Government's budget submission are accepted.

Mr Behzad Nabavi, the Government spokesman, described the commission's proposals as "unfortunate." One deputy went so far as to call them "catastrophic."

The parliamentary budget commission has proposed what amounts to a new budget based on the current level of oil revenues, predicted to be $18bn in 1981/82, and involving a deficit of Riyals 700bn ($8.7bn).

The Government's original proposals were for a balanced budget which involved an almost doubling of oil sales up to $34bn.

Iran's budget year started on March 21 and since that time emergency monthly allocations have been used to authorise continued Government spending.

According to Mr Nabavi one of the reasons for the proposed cutbacks was the "existing world situation" as far as oil sales were concerned.

"Mr Bani-Sadr and the liberals" are to blame for this, he claimed, for it was they "who revealed the details of the budget before it had been debated by the parliament" and so allowed Saudi Arabia to swamp the market by "high production levels and low prices."

Among the reductions posed by the commission and announced by Mr Nabavi were R200bn ($2.5bn) from defence, 36 per cent down on current spending, R250bn ($3.1bn) from development spending, 23 per cent down, and an across-the-board 5 per cent reduction in the budgets of all Ministries and Government departments.

It is not known how the proposed cut in defence spending will affect Iran's purchases of armaments in the continuing Gulf war with Iraq. Some $400m per month has been estimated as the cost of the imported war materials alone.

The Government's budget submission has been for a total of R3,300bn ($41bn) and the commission had cut this to R3,030bn ($37.9bn), said the Government spokesman.

It is believed that the commission is also proposing a 30 per cent increase in Government revenues from sources other than oil, primarily taxes, up to a figure of R800bn. It is this that, when taken with oil revenues of R1,500bn ($18.7bn), produces the R700bn deficit.

Mr Nabavi claimed on Monda[y] that the Government had [a] "wide-ranging plan" to co[pe] with its budget difficulties, bu[t] he did not reveal any detail[s]. Arguments between the com[mission and the Government ar[e] expected to intensify over th[e] next few days as the details o[f] the effectively two alternativ[e] budgets are discussed in parli[a]ment.

Already, however, there ha[s] been one defeat for the Govern[ment] in this matter as yesterda[y] parliament voted to accept th[e] general outline of its commi[s]sion's proposals as the basis fo[r] its discussion.

Patrick Cockburn reports from Baghdad that Iraqis suffer little from the war

Where guns fail, Saddam provides butter

THE WINDOWS of shops and restaurants in Baghdad are crossed from corner to corner by two strips of adhesive tape. They are to prevent the glass splintering under the impact of bomb blasts. But the windows are often very large and the tape is very thin and it is clear that few people in Baghdad are very worried that the Iranian fighter bombers will resume the raids that they launched in the first week of the war last September.

For the last six months, such optimism has been justified, though the Israeli raid on the nuclear reactor last month proved that the air defences of Baghdad are as neglible as they were nine months ago, when Iranian jets on a bombing mission swooped in low over the River Tigris.

The Iraqi Government works hard to give the impression that all is business as usual. The airport is open again at night, its terminal a blaze of light. The blackout has been largely abandoned in the capital, though the street-lights have not been turned on again, leaving unwary pedestrians to the mercy of large potholes and heaps of discarded rubble.

Consumer goods are in the shops in large quantities. "They even have corn flakes," an excited foreigner said. The Iraqui President, Mr Saddam Hussein, is eager to prove that he can provide his people with both guns and butter. The investment budget for 1981 has been increased by 28 per cent to £11bn. Baghdad, a city of 3m, which sprawls along both banks of the Tigris, is like a vast building site, its flat skyline interrupted by cranes and half-completed buildings, while the thump of pile-drivers can be heard at almost every street corner.

Only 120 kilometres to the east, the war goes on in the foothills of the Iranian plateau. Further south, in the plains of Khuzestan, it is by no means a phoney war. Diplomatic estimates of Iraqi casualties vary between 25,000 and 50,000. Every day, Iraqi military communiques mention a dozen or more of their soldiers killed in action. Even by the official figures, Iraq is suffering some 1,200 casualties a month, a heavy number for a country with a population of 13.5m.

Some 250,000 Iraqis are in the regular army or the militia either at the front or serving with the rear units. This is a high number in a country where the entire labour force numbers only 3.5m. In government offices, many jobs have been taken over by women. There are scarcely any wounded to be seen in the streets. Some local observers believe that the Government does not wish them to be seen. Military funerals are unostentatious.

The Iraqis do appear to be fed-up with a war in which they know they are unlikely to make gains in territory or prestige and which shows no sign of ending. An offer by Iraq of a truce during the holy month of Ramadan was rejected by Iran. Ayatollah Beheshti, leader of the predominant Islamic Republican Party in Tehran, and the one man in Iran who might have had the power to arrange an end to the war, was killed last month.

With little to gain from the outcome of the war, the ruling Baath Party is eager to show the Iraqis that the conflict does not mean any cutback in development. Hence, the splurge of new contracts awarded, including over the last month a $570m hydro-electric power-station to be built by Yugoslavia and the design of an underground railway system for Baghdad.

Foreign labour, mainly Filipino, Indian, Chinese and Thai, is pouring into the capital. Hotels are full, and rents have soared. There is a chronic shortage of cement, steel reinforcement bars and bricks. Over $1bn is being invested in new cement plants.

The main motive behind this surge in development is political, and it is by no means clear that the Iraqi infrastructure would have been able to take th[e] strains even without a war.

The development is als[o] extremely costly. Last Septem[ber], reserves were estimated [to] be $30bn to $35bn, but b[y] February had fallen to $20b[n]. Loans from Saudi Arabia an[d] the Gulf oil producers provide[d] about another $12bn, bu[t] reserves have now droppe[d] again towards the $20bn mar[k] according to diplomats. Wit[h] oil exports cut to a third of th[e] previous rate by the war, th[e] country is bound to drift int[o] financial trouble of the confli[ct] continues for another year.

The problem for Iraq is tha[t] it is an oil state which [is] currently producing very litt[le] oil. Its next largest export, afte[r] oil, is dates, of which it [is] the world's biggest produce[r]. Despite this, the Governmen[t] cannot cut back on the benefi[ts] of oil wealth. Above all, it da[re] not ask its people for sacrifice[s] for the sake of a war which [it] knows is likely to bring scar[ce] adavntages to Iraq.

Begin coalition call expected

BY DAVID LENNON IN TEL AVIV

ISRAEL'S PRESIDENT, Mr Yitzhak Navon, will today complete his consultations with the country's political parties and is expected tomorrow to call on Mr Menahem Begin, the Prime Minister, to try to form a new coalition government.

The Premier has already won the agreement in principle of three minor religious parties to join his coalition and give it a narrow majority in the Knesset. But yesterday he warned the small parties that if they continue to make unreasonable demands as the price of their support, he would call for new elections.

Originally Mr Begin had hoped to complete the coalition negotiations in time to present his new government to the Knesset when it holds its inaugural session next Monday. But the continuing demands of the religious parties for numerous Cabinet posts and the tabling of special religious legislation have been delaying the process.

Mr Begin's coalition would have 61 seats in the Knesset combining the 48 of his Likud block and the 13 seats controlled by the National Religious Party, Agudat Israel and Tami. Because each of the minor parties is indispensible to the coalition, they have been making demands for greater representation in Cabinet than their numerical strength would warrant.

The opposition Labour Party, which won 47 seats in the election—only one less than the ruling Likud block—yesterday asked the President to invite its leader, Mr Shimon Peres, to try to form a coalition. Labour apparently based this demand on the surprise decision of Mr Moshe Dayan, the former Foreign Minister, to pledge the two Knesset seats of his Telem Party to support a Labour coalition.

In reality, Labour has little chance of being called on at this stage by the President. Even with Mr Dayan and two other small parties it can only muster a coalition of 52 seats in the 120-member Knesset.

However, yesterday Labour did take a major step to strengthen its parliamentary position by persuading the sole representative in the Knesset of the Citizens' Rights Movement to join an alignment with Labour. This gives the opposition party control of 48 seats in the House, the same number as Likud.

This will entitled Labour to an equal share of seats on the vital Knesset committees and will give it the chairmanship of a number of them, thus making it a more powerful and effective opposition.

Malaysia Minister to keep job

BY WONG SULONG IN KUALA LUMPUR

DR MAHATHIR MOHAMED, who takes over from Datuk Hussein Onn, as Malaysia's fourth Prime Minister on Thursday, has said he would reappoint Tengku Razaleigh as Finance Minister.

The disclosure should put the country's business community at ease. Since he lost the number two post in the ruling United Malays National Organisation to Musa Hitam, the Education Minister, last month, Tengku Razaleigh's political future has been in doubt.

He said before his election defeat that he would not serve the Government if he lost. He has since modified his position, and is thought likely to accept the new Prime Minister's appointment.

The share market reflected the business community's unease by shedding more than 80 points at one stage last week. It recovered some ground on Friday when it was clear that Dr Mahathir would like Razaleigh to be included in his Government.

● *Malaysian authorities yesterday arrested the political secretary to Dr Mahathir Mohammed on charges of being a Soviet spy.*

Three Soviet diplomats involved in the incident were ordered to leave the country within 24 hours.

Strain on Australian economy

By Colin Chapman in Sydney

THE EXTENT to which the Australian economy is under pressure because of the flood of foreign money into the country is revealed by figures for the financial year ended June 30, issued by the Government's Bureau of Statistics yesterday.

The figures show that the capital inflow into Australia is running at five times last year's level. Net capital inflow is estimated at $6.03bn, against only $1.27bn the year before.

This inflow is adding to the already considerable upward pressure on the Australian dollar.

The current account deficit for the year rose from $1.54bn (£0.8bn) to $4.89bn (£2.57bn). Exports were up by only 1.9 per cent to $18.9bn, mainly because of the severe drought and industrial trouble at some coal ports.

Imports rose to a record $19.14bn, up 20.9 per cent. The deficit on invisibles also rose from $4.32bn to $4.68bn.

While the Government, through Mr John Howard, the Treasurer, was yesterday claiming credit for producing the economic conditions that had lured so much money into the country, Canberra seems bemused by its success, and is certainly unsure how to proceed to develop what is perhaps the only economy in the world in danger of overheating.

Mr Malcolm Fraser, the Prime Minister, has already said he will do nothing in next month's budget to ease the country's record interest rates and he seems likely to save any tax giveaways until another year.

It is considered certain the Government will increase taxes on tobacco, alcohol and possibly petrol, in order to take some steam out of the economy, as well as trying to find more cuts in public works.

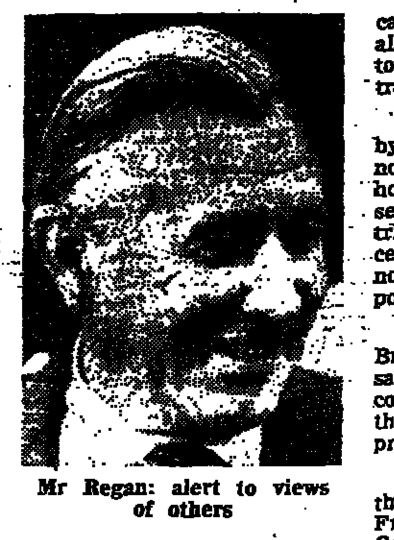
The Federal Cabinet meets in Canberra today to consider cutting import tariffs—one option is an across-the-board cut of 15 per cent, a possibility which has galvanised the industrial lobby into strident opposition.

Regan promise of interest cut 'as soon as possible'

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. will reduce its high interest rates "as soon as it can," Mr Donald Regan, Secretary of the Treasury, said yesterday. B ut he added that it would not be possible to give a precise timetable for the downward move at the seven-nation Ottawa Economic Summit next week.

Mr Regan promised that the U.S. would be alert in Ottawa to European complaints about American economic policy. But he repeated the Administration's argument that high interest rates are one of the inevitable side effects of anti-inflationary policy and not a weapon for use against other countries.



Mr Regan: alert to views of others

In any case, Mr Regan said, it was not necessarily true that European and American policies were pulling in different directions. West Germany was fulfilling monetary targets set before President Reagan's economic policies were put in motion.

The U.S. did not expect the summit to take a series of concrete decisions. It would be very much a "getting acquainted" occasion, at which each leader would explain his or her own policies, leading to an agreement to agree in future.

But Mr Reagan made clear that the U.S. plans to use the summit to raise a number of specific issues, such as subsidise interest rates on exports, the advisability of selling certain sensitive high technology products to the Soviet Union and its allies and the need for a greater role for private enterprise in the development of the Third World.

Mr Reagan said the U.S. would also welcome discussions with the new French Government about how its nationalisation plans might affect American companies. The U.S. would also probably urge the Japanese to open up their market to their trading partners.

The U.S. team in Ottawa, lead by President Reagan, would not try to tell other countries how to run their economies. But seven leading industrial countries should at least agree to certain rules of the game and not adopt beggar-my-neighbour policies.

Mrs Thatcher's policies in Britain seemed "successful," he said. But it was up to each country to adopt the policies it thought most appropriate to its problems.

The Treasury Secretary hoped the other leaders—from Britain, France, West Germany, Italy, Canada and Japan—would leave the summit recognising that the U.S. had a new type of leader and a Government that sincerely stuck to what it was trying to do.

● A typical Washington-style row has erupted over a hWite House decision to take responsibility for co-ordinating preparation for the summit away from Vice-President George Bush and had it over to Mr Michael Deaver, deputy White House chie fof staff. The White House says there is no dissatisfaction with Mr Bush. But reports have suggested that he might not have been up to th ejob.

Mexico to cut public spending by 4%

By William Chislett in Mexico City

MEXICO IS to cut public spending by 4 per cent this financial year because of the dramatic fall in its revenue from oil exports.

The measure was announced by President Jose Lopez Portillo at the weekend and is the first sign of belt-tightening since Mexico's hopes for its oil income were dimmed last month.

The oil glut forced Mexico, the world's fourth largest producer, to reduce prices and customers are reported to have reduced substantially their contracted amounts for the third quarter.

President Lopez Portillo said the spending cut of some 92bn pesos (£2bn) would not affect Mexico's targeted growth rate of 8 per cent. He did not say where the cuts would fall.

Public spending is some 50 per cent up on last year. The forecast public sector deficit of some £282m will be greatly surpassed and inflation is running at 30 per cent.

The president said the country's oil production platform of 2.75m barrels a day, which would be reached soon, would be reduced if necessary. Pemex, the state oil concern, was still negotiating with clients.

Sr Lopez Portillo appealed to Mexicans to have faith in their country and not to take their money out. There is growing concern about the strength of the peso and capital outflows have risen sharply in recent months.

The President conceded that some people in the private sector thought devaluation of the peso was necessary to make non-oil exports more competitive and to help the ailing tourism sector.

But the Government did not want sudden changes in the peso since this would hit domestic savers and undermine confidence. The policy of gradually allowing the peso to fall against the dollar would be continued.

AFL-CIO LEADER ATTACKS WHITE PAPER

Reagan under fire on free trade

BY DAVID BUCHAN IN WASHINGTON

MR LANE KIRKLAND, America's top trade union leader, yesterday went to Capitol Hill to criticise the Reagan Administration roundly for espousing "free trade" in a world where it no longer exists and for abdicating responsibility to safeguard key U.S. industries.

On the final day of policy hearings before the Senate, Mr Kirkland, whose AFL-CIO federation has 15m members affiliated to it, set out a generally protectionist counter-blast to the Administration's trade White Paper last week.

He urged measures, among others, to restrict sensitive imports of foreign goods, to limit the export of U.S. jobs, and to impose local content rules on foreign manufacturers in the U.S.

The U.S. market was far more open than those of its trade competitors, Mr Kirkland complained. "But the cry of protectionism is not levelled against these foreign governments—only against the PU.S. producers who complain."

The list of U.S. industries that deserved better protection from Washington included steel; cars, textiles, colour TV sets, shoes, industrial fasteners.

Some of the newest and brightest U.S. industries—semiconductors, computers, aerospacee" are good examples of U.S. industries that will be soon lost because our trade policy does not enforce reciprocity." Mr Kirkland claimed.

The AFL-CID federation always carries less influence with Republican incumbents of the White House, and this is particularly the case with a conservative like President Reagan.

However, the federation, which is the U.S. equivalent of the British Trades Union Congress, has recently had its sagging fortunes boistered by the reaffiliation of the United Auto Workers (UAW), the country's second biggest union, after an absence of more than 10 years. The AFL-CIO is an important protectionist voice on trade which any Administration must deal with.

Mr Kirkland told the joint hearing of the Senate Finance and Trade Sub-committees that several moves should be made, including:

● U.S. laws against unfair trade practices should be enforced more strictly, and the Government should be swifter and more comprehensive in monitoring the effect of imports on domestic sectors.

● The U.S. should end the Generalised System of Preferences (GSP) series of zero tariffs on more than 2,700 imported products from developing countries. This list of products should be reduced so that U.S. jobs and industries would be less injured.

● The Government should eliminate incentives for U.S. companies abroad, a traditional panies to invest abroad, a traditional concern of the AFL-CIO and American trade unionists who believe this amounts to exporting U.S. jobs.

● The Reagan Administration should restore to the 1981-82 budget its proposed big cut in special aid to U.S. workers put out of work by imports.

● The U.S. should require foreign manufacturers within its borders to make a certain percentage of their product from U.S. materials.

Atkins wins consultancy contracts

BY OUR WORLD TRADE STAFF

THE W. S. ATKINS group has won three major consultancy contracts for road development, urban renewal developments and water supply in Libya, Iraq and Kuwait.

The company declined to disclose the value of the consultancy contracts, but they are understood to be worth several million pounds.

The largest involves a study involving urban renewal of a 3,600 acre site in the centre of Tripoli, the Libyan capital. The aim of the consultancy deal is to provide a design base for 21 areas of the city which are to be the subject of change in the short term.

"There is an urgent need for assessing the potential of the Old City for conservation in the light of its rapidly deteriorating building fabric," Atkins said yesterday.

The study will take 15 months to complete.

A second study calls for sub-contract work on the £455m Karkh water supply scheme for Baghdad, Iraq, the first stage of which calls for the increase of the potable water supply to Baghdad by 910m litres per day.

The scheme involves an intake pumping station on the Tigris River delivering water to the treatment works. Atkins will be responsible for the design of all civil and structural engineering work, including pipelines and model testing of the intake pumping station.

The Atkins share of the work will have a capital value of £330m, and will commence operation in just over four years.

In Kuwait, Atkins will share with Brian Colquhoun Overseas and two local consultants in the design and supervision of the construction of a new outer by-pass and associated roads.

The bypass will begin at the Shuaiba interchange on the Assafar motorway and extend 35 kilometres northwesterly. There will also be associated roads of 15-20 km and 10 km.

Total construction cost of the project is likely to be more than £50m.

Philips in Iraq deal

Philips Telecommunicatie Industrie, has been awarded a Fl 30m (£5.5m) telecommunications contract from Iraq to install 1,200 roadside alarm systems along with support systems for a motorway stretching from Iraq's border with Syria and Jordan to the border with Kuwait, AP-DJ reports from Amsterdam.

Nigeria finance arranged by Lazards

By Our World Trade Staff

LAZARDS BROTHERS has signed two loans totalling more than £30m to finance a housing contract gained by the Enplan Group Consortium to build 2,500 housing units for the Nigerian Federal Ministry of Housing and Environment in Warri, Bendel State.

The loans, one for £12.25m and backed by the Export Credit Guarantee Department and the other a Eurocurrency loan of $43m (£21m), cover the design and construction of the housing units including internal services and fixtures.

Gleno Industrial Consultants, a member of the consortium, will supply UK goods and services, the subject of the sterling loan. Other members are the Enplan Group of Nigeria and Atlas Enterprise of Switzerland.

Both parties woo middle class

BY DAVID BUCHAN IN WASHINGTON

THE TWO U.S. political parties are vying for the support of the middle class, in the continuing debate over President Reagan's tax cut plan.

The Administration's most recent line of attack on the opposition Democrats has been to charge them with being hypocritical in calling their tax programme "the poor man's Bill," when, in fact, it is larded with tax favours for the rich.

Mr "Tip" O'Neill, the Speaker and senior Democrat in the House of Representatives, yesterday retorted that the Democratic tax version which was taking shape in the Ways and Means Committee was tilted towards the middle class. It would give most benefits, the Speaker said, to those families earning between $10,000 (£5,262) and $50,000 a year.

Evidently the Democratic leadership, in its effort to retain the loyalty of conservatives in its party ranks, does not want to be saddled with the appearance of only helping the poor. Nor, of course, does it want to be seen as currying favour with the rich.

Mr Donald Regan, the Treasury Secretary, suggested over the weekend that this was precisely the case and that tax concessions were being proposed by the Democrat-controlled Ways and Means Committee for commodity dealers and oil royalty earners.

The slowdown in the U.S. economy this summer has made respectable in some quarters the argument that the U.S. may need some fiscal stimulus from a tax cut, which Mr Reagan proposes should start on October 1.

So the Democrat strategy has switched from attacking the plan as inflationary to focus on the Tax Bill's alleged inequity. The Democrats now stress that across-the-board cuts will benefit the rich more than the poorer.

Plan to build world's tallest office block

NEW YORK—Mr Harry Helmsley, a property developer, said yesterday that he plans to build the world's tallest building, in New York.

Since May 4, 1973, the world's tallest office building has been the 110-storey, 1,450 feet Sears Tower in Chicago. It is 100 foot higher than the twin towers of the New York World Trade Centre and 200 feet higher than the Empire State Building.

Mr Helmsley said he now plans to build a $500m (£263m) 112-storey office building in mid-Manhattan.

It would take three to four years to acquire a site and finalise planning for the structure, and another three to four years to build it.

Mr Helmsley and other developers have encountered opposition in recent years from groups opposed to further development in Manhattan.

AP

Canada forest workers strike

BY VICTOR MACKIE IN OTTAWA

BRITISH Columbia's biggest industry was hit by strikes yesterday as 36,000 forest workers walked off their jobs in the Canadian province.

The members of the International Woodworkers of America (IWA) went on strike after failure to reach agreement on a new wage deal. Other pulp and paper unions are expected to take action shortly.

Mr. Jack Munro, IWA's regional president, said the two-year contract offered to the workers was less than that turned down by other unions.

The IWA has been offered increases of 14 per cent and 12 per cent over two years plus a cost-of-living rise and an extra 40 cents an hour for craftsmen.

The 5.500-member union of Pulp, Paper and Woodworkers of Canada is expected to strike today and the Canadian Paperworkers Union plans to pull its 7.000 members out from the mills on July 30.

Craftsmen from all three unions jumped the gun last week and picketed mills in the Pacific province to protest against the progress of the wage negotiations with Forest Industrial Relations, the employers' group.

Mr Keith Bennett, the management negotiator, said the IWA's demands—including more long-term disability pay and better apprenticeship rates—were too costly in the present tight lumber market.

If the other two unions strike, work would be halted at some 700 sawmills in the province and 25 pulp and paper mills.

Yugoslavia signs Airbus accord

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European consortium building the A-300 and A-210 Airbuses, has signed an agreement with Soko, the Yugoslavian aerospace company, covering co-operation on existing and future Airbus programmes.

The pact, signed in Belgrade, provides for Soko to organise and co-ordinate the work of several Yugoslav aviation organisations to work on the A-300 and A-310 Airbuses, and also to take a share of the work on the new A-320 150-seater.

Soko will provide designs for, and produce tools and spare parts for, all Airbus Industrie aircraft, including the new A-320. The precise items on which Soko will work are now being defined.

Soko is the first new partner to be brought into the Airbus programme, the existing partners being Aerospatiale of France, British Aerospace, Deutsche Airbus and Casa of Spain, with Fokker of Holland and Belairbus of Belgium as associates.

Airbus Industrie is discussing with aerospace companies in Australia and Japan the possibility of them participating in the development and production of the A-320.

● British Aerospace says that Contactair of Stuttgart, one of the two customers for the Jetstream 31 commuter airliner, has increased its order.

Contactair has signed a contract to convert one of its previous options into a firm order. This brings its current commitment to two firm orders with a third on option.

The first Jetstream 31, is scheduled for delivery in August, 1982 with the second to follow in January, 1983. Contactair operates a charter fleet of turboprop and jet aircraft serving many parts of Europe, and plans to operate its Jetstreams in an 18-passenger configuration for long-term contract charter customers.

'UK equipment for Colombia'

BOGOTA—Mr Cecil Parkinson, British Trade Minister, ended a two-day official visit to Colombia with an offer of $400m (£210m) worth of UK equipment and technology for a coal project in the north of the country.

Mr Parkinson also expressed interest in taking part in mining, transport and energy projects, said Sr Gabriel Melo, Development Minister.

Mr Parkinson made an official proposal to co-operate in the exploitation of the Cerrejon coalfield, 1,000 km north of Bogota, supplying machinery, technology and equipment.

Reuter

Four-nation trade and aid talks

BY OUR NASSAU CORRESPONDENT

THE U.S., Canada, Mexico and Venezuela failed to agree on any grand design for a Caribbean Basin aid plan during a one-day Foreign Ministers meeting here at the weekend.

Mr Alexander Haig, the U.S. Secretary of State, Mexico's Foreign Minister, Sr Jorge Castaneda, Venezuela's Foreign Minister, Sr Jose Alberto Zambrano, and Canada's External Affairs Minister, Mr Mark MacGuigan, held six hours of talks in a beach hotel on a cooperative approach to the region's economic and social problems.

A joint communique issued after the talks said the participants recognised the need for more comprehensive efforts in the area "without military considerations or political preconditions." As expected the communique said donor countries were free to assist whatever countries they chose in whatever ways they thought best. This reflected a compromise over U.S. attempts to exclude countries like Nicaragua, Grenada and Cuba from any joint aid plan and over U.S. arms assistance to El Salvador.

The U.S. wants to curb what it sees as Cuban and Soviet expansionism in the region but this emphasis is not shared by the other donor countries. The meeting also confirmed that the Reagan Administration sees a development programme more in terms of trade and investment opportunities rather than in massive increases in aid. The Caribbean countries were hoping for a commitment to increase aid from $1bn a year to about $3bn a year to emerge from the meeting.

The U.S. proposals for a multilateral development fund and a world aid conference on the Caribben Basin to be held next year were rejected by the Mexicans as "premature" while the idea of a special fund floundered on U.S. insistence on the exclusion of Nicaragua and Grenada.

Instead the participants agreed to begin immediate consultations with regional Governments and other donor countries and agencies "to determine the best approach for an action plan to facilitate those trade investment or development co-operation measures which would stimulate sustained and balanced economic and social development in the region."

The Foreign Ministers also agreed to meet again before the end of the year. Meanwhile working groups will consult with the recipient countries to explore ways of implementing the proposals agreed in the communique. According to Mr William Brook, the U.S. Trade Representative, this would include compiling an inventory of local products and their access to north American markets, of what self-help measures are available and identifying potential aid projects.

Mr MacGuigan said he had no reservations about endorsing what had been achieved at the meeting. "One of the great significances for us is the greater involvement of the U.S. It will mean that more resources will be applied to the region than before."

Brazilian Ford strike called off

SAO PAULO—Nine thousand strikers who closed one of three factories belonging to Ford's Brazilian subsidiary a week ago returned to work yesterday without an agreement rather than allow the courts to declare their walkout illegal.

The strikers had demanded the reinstatement of 450 workers laid off at the beginning of the month, job guarantees, recognition of union commissions in the factory and payment for days not worked during the strike.

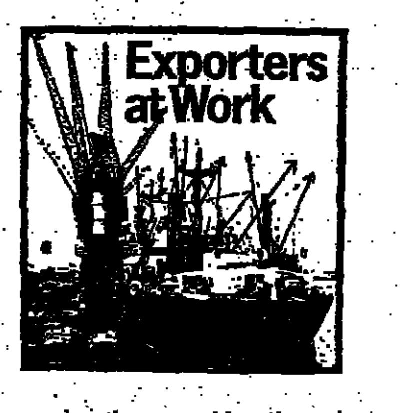
Ford gave in to none of the demands and had started court proceedings

The company said yesterday that it would try to work out a solution with the union now that the strike was over.

AP

Kevin D'Arcy reports on the continuing search for good British stables

UK bloodstock profits rise



BRITAIN'S bloodstock industry has one clear advantage over most other UK exporters: even second-class goods can fetch up to £500,000 each.

Profits in the industry are high and increasing—so much so that the British Bloodstock Agency, the world's largest bloodstock dealers, sold animals abroad worth more than £32m.

This may not be enough to revive the British economy but, with a 200 per cent increase in turnover in just three years, it does leave most other export sectors stuck in the starting stalls.

There is a bleaker aspect to the story, however. A dark cloud which first settled over the business in 1978 has yet to lift and is holding down an even faster potential growth in sales. Veneral disease, in the form of a previously unknown strain of equine metritus, swept suddenly through some of the most famous stables of Britain, producing barren mares and emptying order books.

The outbreak was confined largely to the Newmarket area, but since that is where most of the best bloodstock is kept, bred and sold, the damage was done. Problems in diagnosis, together with attempts to deny its existence, meant that the disease led to a scare throughout the industry.

A number of countries imposed total bans on the imports of horses from Britain, and in the case of Brazil and Mexico these bans still apply. A third Latin American country, Colombia, has even imposed a brand new ban, for reasons which have yet to be made clear. Now that the disease is long gone, the situation is improving, but a variety of restrictions still take their toll, particularly on the sales of mares in foal, no matter what their pedigree.

The result has been that, while the value of exports has been rising fast, their volume is down and their proportion of total business is currently only one third, compared with two thirds in 1978. The venereal disease epidemic is not the only reason for this fall-off in sales. It has, however, drained buyers' confidence, and the effects of this are still being felt.

Despite this embarrassing setback, the search for good British bloodstock goes on. The problem here is that much of the best stock has been sold off in recent years to breed and supply a growing industry in the U.S.

Last year, U.S. breeders sold some 853 horses to Europe. In the same period, Tattersall's Britain's biggest auctioneers, sold 729 animals for export at three sales, to 25 countries—and not all of these were British horses. Some 12.5 per cent of the proceeds from the biggest sale, at Houghton, went to the Compte de Chambure of Normandy for the sale of 13 of his yearlings.

The Compte's biggest reward was 530,000 guineas (£556,500) for Dillingham, a half brother to Detroit, which won last year's Arc de Triomphe, the world's most valuable rate. This year the Arc is worth £180,000 to the winning owner.

With victories like this, it is perhaps no surprise that the British indsutry still attracts buyers, despite scares. At the centre of the trade is the British Bloodstock Agency, founded 70 years ago by another French enthusiast, M Coussel. The BBA now buys a fifth of the bloodstock on auction each year at British sales, but is also active round the world through branches and agents.

Of the full-time staff of 35, there is always someone out on the world circuit, "talking up markets." One was in Australia last winter, the chairman visited Mexico, Florida and South Africa, while colleagues went to Malaysia and Hong Kong. This year, working trips have already covered Switzerland, the Gulf and Japan.

The new growth markets are expected to be in South East Asia, India and the West Indies.

Although the BBA runs its own stud at Newmarket and acts as an agent for various syndicates, it tries not to own any actual bloodstock. Its profits come from fees, and last year it made no less than £480,000.

Venezuela's Guyanan claim poses Caribbean dilemma

BY CANUTE JAMES IN KINGSTON

THE INTENSE diplomatic war being waged by Venezuela and Guyana over the Essequibo territory should not develop into armed conflict. The Venezuelans have given such an undertaking. But this has not diminished the resolve of the Guyanese to resist Venezuela's claim to a region which includes about two-thirds of the 215,000 square kilometres of their country.

The bitter war of words between the neighbouring republics, and their efforts to find support from the countries of the Caribbean basin, concern much more than national pride. Venezuela's revival of an 80-year-old claim to the Essequibo region has focused attention on the potential wealth of the territory. This has fuelled emotions in Caracas and in Georgetown, the Guyanese capital.

The disputed territory has been earmarked by the Guyanese as the centre of an industrial complex based on harnessing the hydro-electric potential of the upper Mazaruni river in the Essequibo. The project has attracted support from the World Bank and Guyana plans an aluminium smelter based on the country's bauxite ores.

Caracas has attempted to persuade international financial institutions to rethink their plans for aid to Guyana. The World Bank's plans for the hydro project are particularly questioned on the grounds the development is taking place in a disputed territory.

The economic value of the Essequibo increased recently when Guyana decided to exploit the region's gold more fully. Rudimentary mining of gold in the Essequibo ended in the early years of this century, but old mines are now being reopened by the Guyanese with the assistance of several foreign companies.

The country is hoping to increase its official gold production of 20,000 ounces per year—unofficial figures put production at twice this amount—and is actively exploring in the Essequibo.

Commercial veins are to be mined in the Buri mountain and Peter's Mine areas, where mining ceased in 1911 when deposits below a few metres were left untouched. Recent surveys have shown that deposits below 1,000 metres can be worked.

Exploration for new veins is being carried out for the Guyanese Government by several North American firms, including Anaconda of the U.S. and Norman Mines of Toronto.

The disputed area is also thought to be rich in several other minerals, including uranium. The Guyana Government and the French company, Cogema, are surveying in the Essequibo and other parts of the country.

The Government in Georgetown is certain that the Essequibo contains oil. The potential of the territory is considered most promising in the Takutu basin, a 3,500 square-kilometre area in the south.

Seismic surveys and exploration in the Essequibo are being carried out for the Guyana Government by several companies, including Sefel and Home Oil and Gas, both of Canada.

It is likely that had this mineral potential been known 12 years ago, when both countries met in Port of Spain, Trinidad, neither would have agreed to accept a moratorium on the dispute. This moratorium is now coming to an end.

The efforts of both countries to shore up support for their respective claims have posed a dilemma for several Caribbean countries.

The Venezuelans are likely to expect support in the dispute from those Caribbean countries whose weak economies they have been buttressing for the past four years. Venezuela has earmarked $5.9bn in aid to Caribbean countries. Of this $700m has been through an oil facility it is financing with Mexico.

Over the past few years, there has been a steady stream of visits to Caracas by heads of government of Caribbean islands, all coming away with loans and further promises of assistance. Recently, Sr Hilarion Cardozo, Venezuela's ambassador to the Organisation of American states, has been visiting beneficiaries of Venezuelan aid, drumming up support for Caracas's claims on Essequibo.

For its part, Guyana is expecting support from the Commonwealth Caribbean countries which are fellow members of the Caribbean Economic Community. The members of the community, when it was founded eight years ago, committed themselves to "mutual assistance designed to secure the political independence and territorial integrity of member states of the community."

It is unlikely that the Caribbean islands will be able to take a common position in support of either country without prolonged soul-searching. They will be torn between forfeiting millions of dollars in Venezuelan assistance and honouring an agreement given at a time when they could not foresee dependence on Venezuela.

The dilemma is illustrated by the reactions of Jamaica and Barbados, two of the countries which have spoken on the issue. Mr Hugh Shearer, Jamaica's Deputy Prime Minister and Foreign Minister, indicated his country would be sitting on the fence, and not adopting what he termed a "boisterous" attitude in support of either claimant.

Mr Tom Adams, the Barbadian Prime Minister, stands fully behind Guyana. "We see absolutely no reason to consider the borders of the Republic of Guyana to be other than inviolate. The Government of Barbados would be extremely inconsistent if it faltered in any way from total and complete support of those boundaries."

Most Caribbean countries are hoping that a quiet settlement of the issue—perhaps another moratorium—will spare them the pain of making an embarrassing decision.

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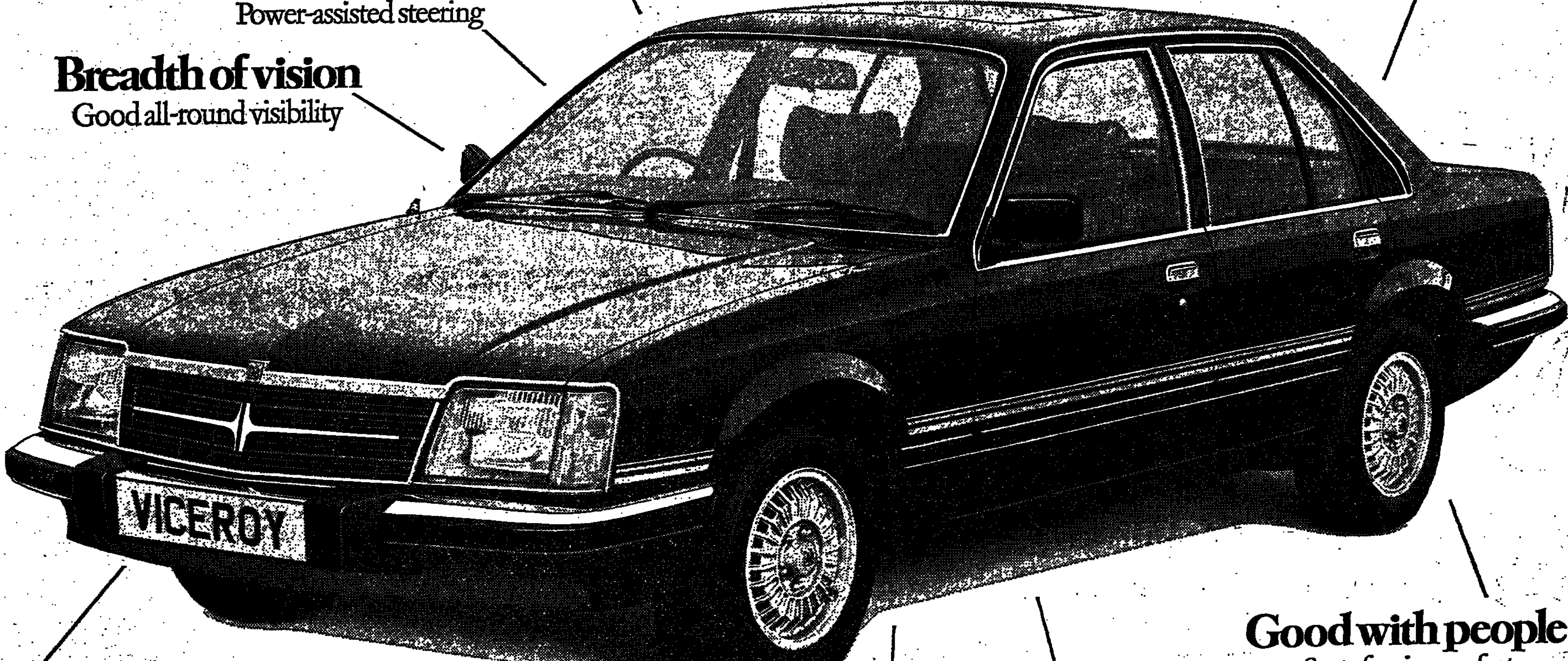

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UK NEWS

Hambros to face new damages claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

HAMBROS, the merchant bank, is to face a new claim for "punitive damages" in the High Court action in which it is alleged to have taken part in a conspiracy to damage PPD Engineering, a subsidiary of the Laurence Scott group.

The new claim will be based on a document found by Scott's lawyers during a "search and seize" operation carried out at Hambros's offices over the weekend. The search had been authorised by the court and consented to by Hambros.

Similar searches were made of the homes of two former PPD directors and the offices of the rival company they set up.

The object of the searches was to track down documents believed by Scott to be relevant to the litigation.

Hambros is alleged to have financed a conspiracy set up by the PPD directors, Mr Roy Ashman and Mr Henry Lelly, while they were still employed by Scott. The object was to cause Scott to sell PPD to Harland Simon (1980).

The scheme, it is alleged, was to attract PPD employees and customers, leaving the company so weak that Scott would have to sell it cheaply.

Hambros and its co-defendants deny conspiracy.

Mr Christopher Bathurst, QC, for Scott, said yesterday that among documents found at Hambros was a National Coal Board minute sheet about Hambros' proposal that the board should invest in a scheme to acquire the business of Harland Simon, then owned by a Swedish company, Asea.

A passage in the minute had been "blanked out" by Hambros, but an untouched copy had been volunteered by the NCB.

That passage dealt with the NCB's view of the implications of the scheme and the possibility of legal action being taken by PPD alleging disclosure by Mr Ashman of its confidential information.

"Hambros . . . are aware of this position and consider that the benefit of this investment outweighs the risk of litigation," the minute stated.

Mr Bathurst said that Scott would wish to amend its case to include a claim for exemplary or punitive damages because it was arguable on the basis of that passage that Hambros had been deciding to commit a wrong on the ground that "the swings were greater than the roundabouts could be."

The minute also stated that Mr Ashman believed that his resignation from PPD, and the increased competition the company would face from Harland Simon (1980), would mean that Scott, which was short of money, would become receptive to the idea of selling PPD.

During yesterday's hearing Mr Justice Parker asked Mr Richard Yorke, QC, for the defendants, if he seriously said that no breach of duty had been involved in the scheme.

Mr Yorke replied that he did not.

The judge: There was the plainest, wholesale breach of confidence, wasn't there?

Mr Yorke: Certain admissions are made.

The judge said that he had what purported to be the defendants' case, which appeared to be contradicted in practically every respect by contemporary documents.

He adjourned the case until tomorrow, by which time, he was told, a final version of the defence would be available.

Syndicate bars 200 Lloyd's members

By John Moore

MORE THAN 200 underwriting members of Lloyd's, the insurance market supported by a private membership, have been barred from participating in the underwriting fortunes of the Merrett Syndicates, one of the market's most respected groups.

Notice has been served by Mr Stephen Merrett, chairman of Merrett Syndicates, telling two underwriting agents that the members they have introduced to his group's syndicates should be withdrawn.

The two agents are R. F. Kershaw and Grays Inn (Underwriting Agency).

Mr Merrett, who sits on the 16-strong ruling Lloyd's committee, declined to describe the specific reasons for seeking the removal of the Kershaw and Grays Inn members.

"Both the Kershaw and Grays cases are quite distinct," he said yesterday. He added that agreement between the two groups over his various concerns could not be reached and that notices which had been given earlier this year had become effective.

Mr Merrett dismissed speculation in the Lloyd's market that the action of his group reflected a long standing rivalry between him and Mr Ian Posgate, a leading marine underwriter. Kershaw and Grays Inn place underwriting members on both the Posgate and Merrett syndicates.

"Any disagreements which I have relate to the competitive nature of underwriting which is not the same as this matter," he said.

BL unhappy with Japan trade talks

BY KENNETH GOODING

BL, THE state-owned group, is so dissatisfied with the outcome of recent trade talks between the Japanese and British motor industries that this week it will press for closer UK Government involvement in future negotiations.

BL says that the Japanese last week repudiated an understanding reached during previous talks at Estoril, Portugal, in February that light commercial vehicle shipments to the UK should be "closely equated" to those of cars.

The British expected the Japanese would aim for a market share of no more than 11 per cent for commercial vehicles in 1981. But at the half-year their penetration was more than 17 per cent.

A joint communique from the Japanese Automobile Manufacturers Association and the UK Society of Motor Manufacturers and Traders after last week's discussions in Sapporo, Japan, said "a broad measure of understanding" was reached about light commercial vehicles.

But BL claims this was merely an understanding that a major problem exists and that the Japanese offered nothing in the way of voluntary restrictions on shipments to help solve it.

At an SMMT meeting later this week BL will therefore suggest that the UK Government be asked to get more closely involved in future talks with the Japanese.

This would not necessarily mean the Government taking the lead in discussions. However, BL wants the Government to make clear to the Japanese manufacturers that it backs the British industry's efforts to reach an urgent agreement on commercial vehicle shipments along the lines of the one for cars.

The Japanese maintain that most of the light commercials they deliver to the UK are microvans and one-ton pick-ups for which there is no British equivalent.

The British argue, that every Japanese commercial vehicle sold, of whatever type, costs the sale of a vehicle made in the UK or the Continent.

BL feels particularly strongly about the attack on the light commercial vehicle market because it recently reorganised its Sherpa van operations into a new company, Freight Rover, which is now part of the Land Rover business.

It plans a replacement next year for the Sherpa and its spending up to £10m on the new vehicle, code-named K2.

Costain in new schemes for Chunnel

By William Cochrane

THE EUROPEAN Channel Tunnel Group, which combines four European civil engineering contractors including Costain in the UK, has put forward two new rail tunnel schemes with private sector financing to link Britain with the rest of Europe.

Both plans involve single-track tunnels. One, of 6.02 metres internal diameter, at a cost of £752m at January 1980 prices, is in line with a proposal submitted by British Rail and its French counterpart, SNCF, in January—described as a "mousehole" by more ambitious competitors.

The other is of 6.85 metres at £806m, about £950m at early 1980 prices—£1bn at present prices according to ECTG yesterday. The 6.85 metre bore was the one recommended by an all-party select committee of MPs in March.

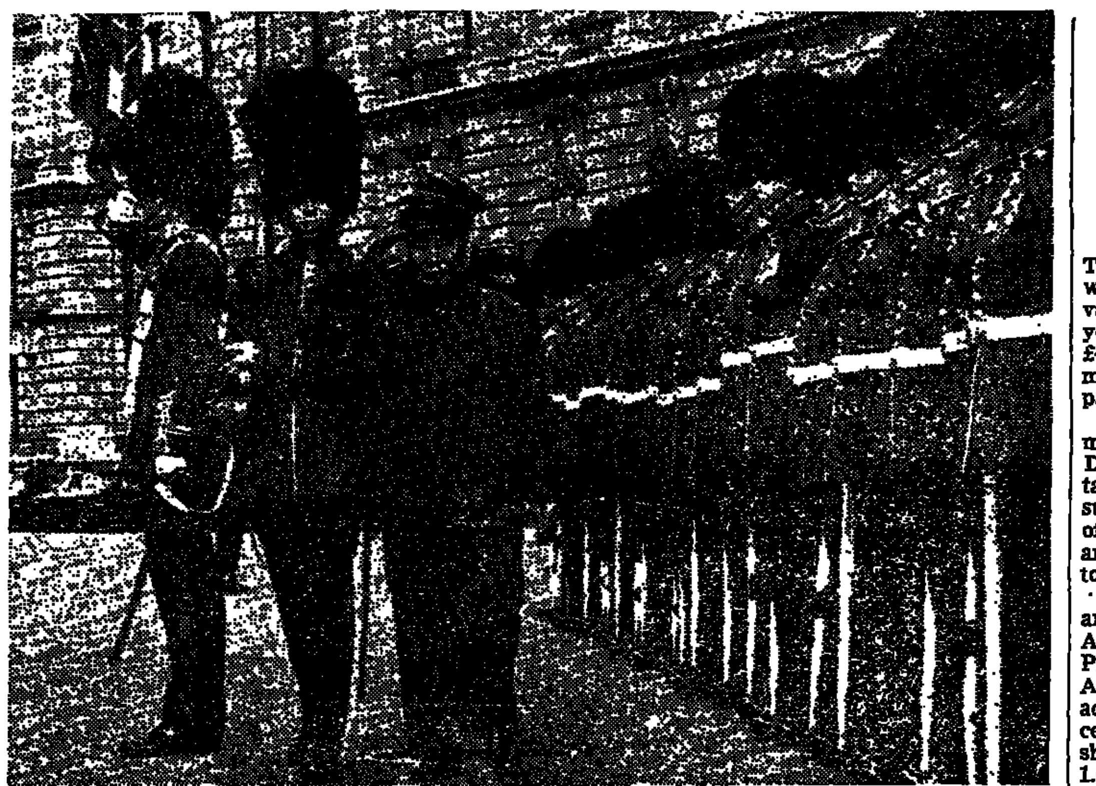
Arguments against the BR-SNCF plan, and its 6.02-metre diameter, standard for freight and passenger rail traffic tunnels within the UK, centred on its lack of flexibility.

The slightly wider bore allows for a roll-on/roll-off service to carry freight vehicles and passenger cars, putting it in direct competition with Channel ferries.

The financing plan developed by merchant bankers N. M. Rothschild and Sons involves raising the required finance from the private sector without direct Government guarantees

The British Government is in favour of a fixed link with France if this could be funded privately. Rothschild's plan involves Governments accepting risks for political developments which might cause cancellation, and the railway authorities giving undertakings on minimum commercial returns.

The January plans included a tunnel costing £635m at 1980 prices, but at that time ECTG was aiming to save 14 per cent of its tunnelling costs by a "spiral" scheme



Mr Yang De Zhi, Chief of the General Staff of the People's Liberation Army of China, inspects an Irish Guards guard of honour at the Ministry of Defence in London

Medical insurance grows

By Eric Short

THE UK provident associations, which provide virtually all private medical insurance, last year paid £130m in benefits, £44m more than in 1979 and more than double the amount paid five years ago.

The growth in the private market is shown by Lee Donaldson Associates, consultant economists, in their annual survey of the industry on behalf of the Department of Health and Social Security published today.

The three largest associations are British United Provident Association, Private Patients Plan and Western Provident Association. Their subscribers account for more than 98 per cent of the market. That total showed a net rise of 355,000 to 1.65m in 1980.

Because most policies cover more than one person the numbers covered by private medical insurance amounted to 3.58m, about 6.4 per cent of the population.

The growth in membership occured in all three classes of subscriber. Membership of schemes set up by employers, the largest group, rose by nearly 170,000 to 870,000. Membership of occupational schemes, often through a trade association, rose by a similar number, to 510,000.

Individual subscribers increased by 10,000, to 267,000, last year, a small growth-rate compared with other classes. From 1971 to 1979, however, membership in this category declined substantially.

Total subscriptions last year were £158m a £28m increase on 1979. Thus benefits paid represented 82 per cent of contribution-income, compared with 69 per cent in 1979. This shows the associations holding contribution rates steady while benefit costs continued to climb with inflation.

Provident Schemes Statistics 1980. Lee Donaldson Associates, 21-24 Bury Street, London SW1Y 6AL, £3.

Demand up for Welsh factories

BY ROBIN REEVES, WELSH CORRESPONDENT

AN INCREASE in the number of empty advance factories in Wales is inevitable over the coming year, Mr Ian Gray, managing director of the Welsh Development Agency, warned yesterday.

Mr Gray, presenting the agency's 1980-81 annual report, stressed that the WDA would be completing new advance factories at an average rate of one a day in the current financial year.

Empty space was now up to 10 per cent of the agency's total factory portfolio, compared with 6.7 per cent last March.

Even so, demand in the past three months had been more buoyant and the agency had been able to allocate 52 out of 129 new premises, totalling 500,000 square feet. These premises promised 1,400 new jobs over three years.

Inquiries from potential new tenants were up by some 30 per cent.

The report, published today, shows that the WDA spent £83m in the year ending March 1981, £65m of it government grants in aid. There was a net allocation of 94 advance factories—some 750,000 square feet—promising 3,100 jobs compared with nearly 1m square fee and 3,900 jobs in 1979-80.

Last year's funding also included a special £24m Government allocation for a cash factory building programme aimed at attracting new job opportunities to offset the rundown of steelmaking at Port Talbot and Llanwern.

By the end of the financial year, 212 advance factories out of a total of 256 new premises planned for the two steel areas were under construction. The agency has also started developing two new big industrial estates at Baglan Moors, near Port Talbot, and alongside the Llanwern steelworks.

In contrast to factory building there was a sharp decline in WDA investment, partly as a result of the Government's revised guidelines, but also because of a lack of projects. Twenty-two companies in which the WDA had investments totalling £1.6m ceased trading or went into receivership or liquidation.

But the agency expect to recover some 40 per cent of this sum. So far in the current financial year it has invested over £1m, more than in the whole of last year.

SALEROOM

BY ANTHONY THORNCROFT

AN EGYPTIAN temple statue of Ptah-Ankh, made around 1375 BC probably in Memphis, was sold at Sothebys yesterday for £68,000 to the New York dealer Alexander Carlson. The statue takes the form of a libation basin and was part of Richard von Kaufmann's collection.

Other high prices in an auction of antiquities were the £38,000 from Mansour, the London dealer, for a fragment of an Egyptian black stone torso of the late period, and £11,500 for a 4 cm. high Egyptian red jasper inlay of a head from the New Kingdom. In the afternoon session an Attic black figure amphora of around 540 BC sold for £29,000, way above forecast.

More companies increase petrol prices by 8p

BY MARTIN DICKSON, ENERGY CORRESPONDENT

OTHER British oil companies yesterday followed Esso's lead and announced increases of about 8p in the pump price of petrol, taking a gallon of four star up to between 163p and 164p.

Companies warned that if these increases stuck, they were likely to go for a further increase of between 2p and 3p a gallon to cover costs fully.

Esso, the joint UK market leader, announced last week that it would be putting its prices up by 8p a gallon from midnight last night.

Texaco yesterday said it would be doing the same and Mobil and BP announced increases from midnight tonight. Shell, the other market leader, is expected to increase prices shortly.

The fall in the value of the pound against the dollar, which had made purchases of crude oil more expensive, was blamed for the price rise.

Some companies said that despite the increases they were still not covering their refining and marketing costs fully and further price rises might be necessary.

The effects of the changing exchange rate have been exacerbated by a rise in the spot price of petrol, partly because of a seasonal increase in the demand for petrol during the summer.

Because demand for oil products is generally slack, companies are running their refineries below capacity and are not producing sufficient quantities of petrol. They are therefore having to buy petrol on the spot market to make up the shortfall, thus pushing up costs.

OFT bans secret deal on property advertising

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SECRET restrictive trade agreement involving Peterborough estate agents and a local newspaper has been banned by the Office of Fair Trading.

The OFT yesterday put on the public register of restrictive trade practices an agreement between Peterborough Estate Agents' Association and Sharman Newspapers.

This agreement is now declared null and void and will eventually be considered by the Restrictive Practices Court in London.

The agreement started in 1976 and meant that estate agents in the association were forced to advertise in the Peterborough Classified Standard, a Sharman publication, if they wanted to advertise property in any other local paper.

In return for this agreement, estate agents were offered a discount from the normal advertising rates.

Although the agreement started in 1976, the OFT was only recently made aware of it following a complaint from another local newspaper in the area.

Under the 1976 Restrictive Trades Practices Act, all such agreements have to be placed on the public register or they are declared null and void.

Restrictive trade agreements can be continued, if registered, until the courts rule on their validity.

However, when the agreement has been made in secret it must automatically be abandoned when uncovered by the OFT. In addition, anyone who has been adversely affected by the agreement when it was not registered can claim compensation through the civil courts.

Rohm and Haas to invest £9m in Teesside plant

BY RAY DAFTER

ROHM AND HAAS, which a fortnight ago announced the closure of a Teesside chemicals plant withthe loss of 240 jobs is to invest £9m in a new production facility near Newcastle.

About 20 staff are expected to be employed at the new plant, which will manufacture a biocide used to control micro-organisms in cooling tower water, metal working fluids, paints, emulsions, cosmetics and toiletries.

Construction of the new facility will begin early next year and should be completed by 1983. It will be sited at Jarrow which, following the closure of the Teesside plant, becomes Rohm and Haas's main UK production centre.

Mr Allen Levantin, European regional vice-president of the U.S.-based chemical company, said the new plant represented the group's first full-scale European production unit for the biocide. The plant would have a capacity of 7m pounds a year.

The group's plant at Seal Sands, Teeside, is due to close by mid-August. Designed to produce acrylate and methacrylate—raw materials for plastics—the plant has been hit by the recession-led problems of the chemical industry.

The Jarrow complex, where some 300 are employed, manufactures a range of speciality chemicals including acrylic emulsions, ion exchange resins, solution coatings and moulding powders.

Significant drop in packaging material prices

By Maurice Samuelson

THERE HAS been a small but significant fall in the average price of materials used by Britain's £3.2bn packaging industry.

According to the monthly Packaging Price Index covering a wide range of materials including paper and board, plastics and metals, prices fell by an average 0.2 per cent in the first quarter of 1981 compared with the previous three-month period.

This is the first time that the index has fallen since it was initiated five years ago. The fall reflects continued depression in the domestic market coupled with fierce competitive pressure from all imported materials.

Mrs Rowena Mills, the leading consultant economist to the packaging industry, comments that, although the fall was very small, it hid several larger reductions such as an 8.4 per cent decline in the price of PVC bottles and a 3.8 per cent drop in aluminium packaging prices.

In the year to March, prices of all packaging materials were estimated to have risen by just over 6 per cent, or half the increase in the general inflation rate.

Only the glass container industry showed a price rise (of 0.5 per cent) between the final quarter of 1980 and the first quarter of 1981. But plastics and metal packaging showed slight declines.

In view of the dramatic fall in the prices of polymers, from which plastics are made, Mrs Mills finds it surprising that the plastics packaging prices did not fall even more steeply.

For the second quarter of 1981, the picture was expected to remain depressed, and price rises were not expected to be sufficient to restore profitability.

Packaging Price Index published by Siebert Head, 193 Regent St., London W1R 7WA.

St Piran fails to shake off winding-up petition

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

ST PIRAN, the tin mining and property company, has failed to shake off a winding-up petition brought by a minority shareholder.

In the High Court yesterday Mr Justice Dillon dismissed the company's application, supported by Gasco Investments (Netherlands), its majority shareholder, that the petition should be struck out as being embarrassing, oppressive and disclosing no grounds justifying winding up.

Last week he adjourned the case to give Runic Nominees, a susidiary of Sencor, the South African mining company, time to amend its petition after rejecting two points of principle on which St Piran had sought to have the petition struck out.

He said yesterday that the defects had been corrected, but directed that Runic pay St Piran's and Gasco's costs of the striking-out application, whatever the outcome of the petition, due to be heard on July 23.

St Piran had argued that only the Trade Secretary could base a petition on a report by his inspectors.

The judge said that inspectors were appointed, partly in the public interest, but also to protect minority shareholders.

If they were appointed because there was ground for suspecting that material information had been withheld from shareholders, there might be little public interest requiring the minister to petition.

But an aggrieved minority shareholder might wish to do so and it would partly defeat the object of an investigation if he could not rely on the inspectors' findings.

Runic complained that Mr Jim Raper, who controlled St Piran, and Gasco, had not complied with a directive of the City Panel on Takeovers and Mergers to bid for the whole of St Piran's issued shares.

St Piran contended that this involved no default or misconduct on which a petition could be based.

The judge disagreed. The City code had been laid down as being fair and reasonable conduct for publicly quoted companies like St Piran.

600 years of roses for Lord Mayor

THE LORD Mayor of London, Sir Ronald Gardner-Thorpe, was presented with a single red rose yesterday in a ceremony commemorating a town planning offence of 600 years ago.

The rose, picked yesterday morning from a garden in Seething Lane, is the "rent" imposed by an earlier Lord Mayor, Sir William Walworth on the Knollys family in 1381.

While Sir Robert Knollys was leading a military expedition in Picardy, his wife Lady Constance built a covered footbridge to connect her property in Seething Lane with her rose garden on the other side of the street.

Since she had not obtained the approval of the Lord Mayor, she was thought "over bold." Lady Constance and Sir Robert were cited in the Lord Mayor's Court.

However, the Knollys family were allowed to keep their footbridge on the understanding that a "rent" of a red rose should be paid to the Lord Mayor every year.

Free newspaper launched

BY JAMES McDONALD

WESTMINSTER PRESS, part of the Pearson Longman group, launches its biggest circulation free newspaper this week. WP is already well established in the free newspaper field.

The Standard Recorder will reach more than 177,000 homes in south-east Essex, covering Southend, Basildon and the surrounding district. It replaces two Westminster Press paid-for weekly newspapers, the 108-year-old Southend Standard and the younger Basildon Recorder series, which ceased publication last week.

The Standard (25,000 circulation) and the Recorder (15,000) have lost substantial sales in the 12 years since the group launched its successful Evening Echo, which sells 65,000 copies five nights a week.

The new paper will be about 30 per cent editorial, with six editions—for Southend, Castle Point, Rayleigh-Rochford, Basildon, Billericay and Wickford-South Woodham Ferrers. WP claims it will offer greater advertising flexibility than its main free distribution rival in the area.

Italian officials act over Savonita insurance scandal

BY JAMES BUXTON

A TOTAL of 12 men allegedly involved in the Savonita insurance affair, a major scandal at Lloyd's of London three years ago, have been served with official notices in Italy warning them that they are under investigation.

Their passports have been removed by the Italian authorities.

A further three men, including an executive of Fiat, have been arrested.

The notices issued by the authorities refer to the crimes of aggravated fraud, aggravated corruption and aggravated smuggling.

The notices have been issued to a number of staff of Fiat, of SIAT, the marine insurance company formerly controlled by Fiat, to two customs officials at the Fiat plant at Mirafiori outside Turin, and to Sr Antonio Dotoli, a Fiat dealer in Naples.

Those arrested and charged with fraud were Sr Raimondo Meak, formerly commercial director of Fiat for the Mediterranean area, Sr Enzo Rosina, a director of Fiat and Sr Pietro Ferrigno, an insurance executive with the same company.

The procedure of issuing notices against suspects in an investigation can be followed by formal charges and a trial. For the moment it appears that the inquiries of the Turin District Attorney's office are still continuing.

The Savonita affair concerns the shipment of 301 Fiat cars which were damaged by fire on board the cargo ship, "Savonita." Fiat was indemnified for the loss of the cars.

The cars were sold on to Sgnr Dotoli, a dealer in Naples, at 15 to 20 per cent of the value. It was later found that the cars were being sold for only 20 per cent less than the full price.

The initial insurance claim was made against SIAT, the then Fiat controlled marine insurance company, which claimed on its reinsurances at Lloyd's of London and insurance companies.

Councils seek cash for jobs and homes

BY GARETH GRIFFITHS

THE Labour-controlled Association of Metropolitan Authorities has called for the injection of £3bn a year into the economy through local government and public corporation capital spending.

The association also wants the National Insurance surcharge to be abolished —at cost of about £4bn a year.

In a report, Investing in Recovery, published yesterday, the association is pessimistic about the prospects for economic recovery and argues that the scale of the problem needs a larger stimulus than its proposals would give.

It says its package is a compromise, but one that would provide an extra 300,000 jobs by the first quarter of 1984.

About £2bn a year at current prices should be added to local authority capital spending with a third going to housing. A further £1bn a year should be spent on public sector schemes such as the electrification of the railways and improvements in telecommunications. The package would last for two or more years.

Although the report was prepared before the current violence in British towns and cities, the association says the investment particularly in housing should be concentrated in the inner cities. The housing investment programme should be boosted by at least enough to provide 100,000 improvements grants a year and to increase house building by about 100,000 units a year.

Mr Jack Smart, the chairman of the association, said there was an urgent need for action. He urged the Government to give serious consideration to the proposals. The association, using a forecast produced by the Independent Treasury Economic Model, believes that, if present government policies are continued, unemployment will rise to 4m in early 1984.

The association represents the Greater London councils and the six English metropolitan areas of Merseyside, Greater Manchester, West Yorkshire, South Yorkshire, Tyne and Wear and the West Midlands. London, Merseyside and Manchester have been the scenes of some of the worst violence during the past 10 days disturbances.

Although the abolition of the National Insurance surcharge would cost about £4bn a year, the public sector would save £1bn annually on its wage bill and the private sector would benefit from greater company liquidity.

The association wants the package to be financed by an increase in public sector borrowing. It says the scheme would not impose a future burden on tax payers because it would create "an asset yielding a continuous stream of benefits." The Public Sector Borrowing Requirement would have to be increased by £2bn in 1981-2, £4bn in 1982-83 and £3bn in 1983-4. There would be a slight increase in the inflation rate in 1983 and 1984 over the rate predicted by the Treasury.

Local authority involvement in the package would be in housing, education, improvements infrastructure and assistance to industry and commerce. Transport schemes would have to provide an annual rate of return on the capital invested of 10 per cent on a formula based on the value of delay and accident costs savings, the report says.

Investing in Recovery: An alternative View of the Economic Future, published by the Association of Metropolitan Authorities at £2, available from 36 Old Queen Street, London SW1.

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JOBS COLUMN

'Unemployed' at 12 years old

BY MICHAEL DIXON

TOMORROW, not Thursday as I suggested a week ago, is the day when the Duke of Kent will hand the prizes to the winners of the 1981 UK national management championship. As well as the three girls and two boys from South-east Essex Sixth-form College, the teams in the London final consist of four men and a woman dealing with oil and related products for Shell UK, another four men and a woman from the office services division of Spicers of Cambridge, and three men from IMI Summerfield who help to make rocket motors.

AS A POLICEMAN facing teenage rioters I might manage to keep my temper under salvoes of blazing bottles. But I'd be liable to clobber anyone who thought the time ripe for intellectual discussion of why they were being thrown.

So I am somewhat nervous of returning to broad questions about the problem of employment such as were posed in this column less than two weeks ago. By now even the 18 readers who have sent contributions to that debate may feel it has become at best an irrelevance.

Certainly with mob violence on the streets of familiar cities, action to stop it is more pressing than words. But wide-ranging analysis is also important. Without it we risk merely restraining the young rioters and the looters of today while continuing to breed their successors.

A useful move to readmit thought to the political argy-bargy about the outbreaks was made by Mr Jim Prior, the United Kingdom Secretary of State for Employment, on Friday night. He acknowledged that high unemployment among young people in the centres of rioting, was one of its major "roots." Before that each of the main political parties had seemed primarily concerned to deny that its policies could be a significant cause of the problem, and to imply that the blame lay with the other side.

Spokesmen for the ruling Conservatives, for instance, had pooh-poohed the significance of youth unemployment. Numerous of the rioters both white and black had been seen to be no more than 12 years old, these spokesmen argued. Since such children had four or more years to go before they could leave school, their motive for attacking the police could hardly be unemployment.

Gestures

Rude were the gestures which greeted that assertion when it arrived by television in a certain house on the edges of two poor districts of south-east London. Whatever lay behind such an argument, it could not have been consultation with secondary-school or even primary-school teachers in the troubled areas.

For if employment is taken to mean activity seen by the person on whom it is imposed to have some useful purpose, then many of the youngest rioters are effectively unemployed.

It is true that, more often than not, they may have been induced to spend five hours a day in school. But most of the youngsters running riot, whatever their racial origin, are strangers to the formal educational tradition. The fact that by applying their school days to academic study they might gain a degree, has about as much natural relevance to them as the fact that if they spent their leisure learning Welsh they might one day take part in an eisteddfod.

They are the latest inheritors of an oversight by the policy-makers who decided that secondary as well as primary schooling should be compulsory for all from 1945.

A good deal of secondary education was already in train. But it was largely of a specific sort. It had been developed over centuries for a minority who underwent it at the insistence of their relatively well off parents or because they had shown a marked aptitude for the academic type of study entailed. The policy-makers were members of that minority.

Psychological research had indicated that there must be numerous human mental skills beyond those catered for by traditional secondary education. And when a structure of "modern" schools was set up for the bulk of the incoming majority, these schools were notionally intended to offer curricula different from those of the longer established grammar schools.

Even so, when the policy-makers had finished their work the new schools, with very few exceptions, had done little or nothing to devise a curriculum suited to intelligences running in directions other than the academic.

New customers who did not respond to good old academic study—which to be of value must be concentrated and demanding—were relegated to easier, diluted versions thereof. That remains the same today, despite the lumping together of most moderns and grammars as comprehensives, the raising of the compulsory school age to 16 and the addition of a lower-level examination for the Certificate of Secondary Education.

The minority of children who show academic aptitude can go on to rigorous academic studies and gain the academic-exam passes increasingly used by employers as a primary means of determining whom they will and will not interview for a job. The children who show this aptitude come largely from middle-class families, perhaps because the conventions of thought promoted by traditional secondary schooling clearly have some relevance to living in middle-class surroundings.

There is no comparable value or incentive in the watered-down diet of the majority. Whether they be fourth- or merely fifth-rate academically has no relevance to living in a poor residential district. In the areas of high unemployment which tend to coincide, mediocre grades in the lower-level CSE exam have lost even their former slight value in the jobs market.

Perhaps because sex at an early age is now commonplace, bored pupils are increasingly resistant to being punished as children for refusing to study. Teachers anyway seem to be abandoning physical punishment even in defence of their own person, sometimes by order of their local education authority but evidently more often because of the risk that the assaulted child's parents may be prevailed upon to sue.

The most vital lesson for a young creature to learn is that if it hits its head against a wall it is hurt. But schools more and more cushion youngsters from learning by painful experience where the bounds of tolerable behaviour lie.

Moreover, important concentrations of 16-year-olds emerging from school-based unemployment cannot get real-life jobs. Starting work has traditionally meant more than extra money. For males at least, it has signified ceasing to be boys and becoming acknowledged as men. It was a step which firmly set them apart from mere school kids, whether sexually experienced or not.

While I can only speculate about such matters, it would not be unreasonable to suppose that the idle older youths would seek to establish their manhood publicly in other ways. One might be to lead their juniors from whom they are now not positively differentiated, in attacks on conventional authority especially if they were urged and organised to do so by agitators.

Given a lead by exciting older youths, many of the similarly bored school children would probably follow however much it cost them in trouble and their parents in fines.

If this were so—and it is surely worth further investigation—the unemployment seen by Mr Prior as a major root would start at too early an age to be eradicable by more quasi-work schemes for youths who have already left school. Clearly the symptoms seem dangerous enough to need treatment. But successful occupational programmes will be hard to devise. For instance, the notion that blooded rioters would participate desirably in community service schemes led by the mainly graduate members of one or other of the caring professions, would seem a distinctly forlorn hope.

The content

Expensive attempts to contain older teenagers seem liable to become self-perpetuating, however, unless longer-term moves are also made. Tinkering with the structure of the schooling system has been tried. But it has failed to prevent 11 years of compulsory education from being for many children neither a drawing-out nor even a putting-in, but only a turning-off. We need now to turn attention to the content.

Concerted effort is required to develop the neglected alternative curricula capable of interesting, challenging and so improving intelligences which run in directions other than the academic. Much could doubtless be achieved for expenditure equivalent to the £3m to £12m a year set aside by the Government to help State-school children who have shown academic aptitude to go to independent schools.

Shorter-term help could be given by employers. They could stop demanding academic exam passes as a precondition of interview for jobs to which such qualifications are plainly irrelevant. And here, since the public services are major offenders, the Government should follow the advice it received from the Think Tank 14 months ago and set an example for other employers.

UK NEWS

Fulmar oil system installed

BY RAY DAFTER, ENERGY EDITOR

SHELL UK Exploration has completed installation of a unique North Sea oil production system as part of the £589m development of the Fulmar Field.

The field, 170 miles east of Dundee, Scotland, is the first to be equipped with a permanently moored tanker. The vessel will be used as a floating storage unit.

The linking of the tanker to Fulmar's mooring system was the final stage in the installation of the field's production system. The steel production platform, installed in June last year, is now being prepared for the first flow of oil in February 1982.

Oil will be extracted at a rate of up to 100,000 barrels a day and pumped into the moored tanker. Shuttle tankers will then take the crude to various refineries.

Shell, which is operating the Fulmar project on behalf of the Shell/Esso and Gas Council/Amoco groups, said the technology was an important advance in the use of new production systems which would be needed increasingly to exploit smaller, more remote fields.

By North Sea standards, Fulmar is regarded as a medium-sized discovery, with estimated reserves of 450m barrels. It is expected to produce oil for about 18 years.

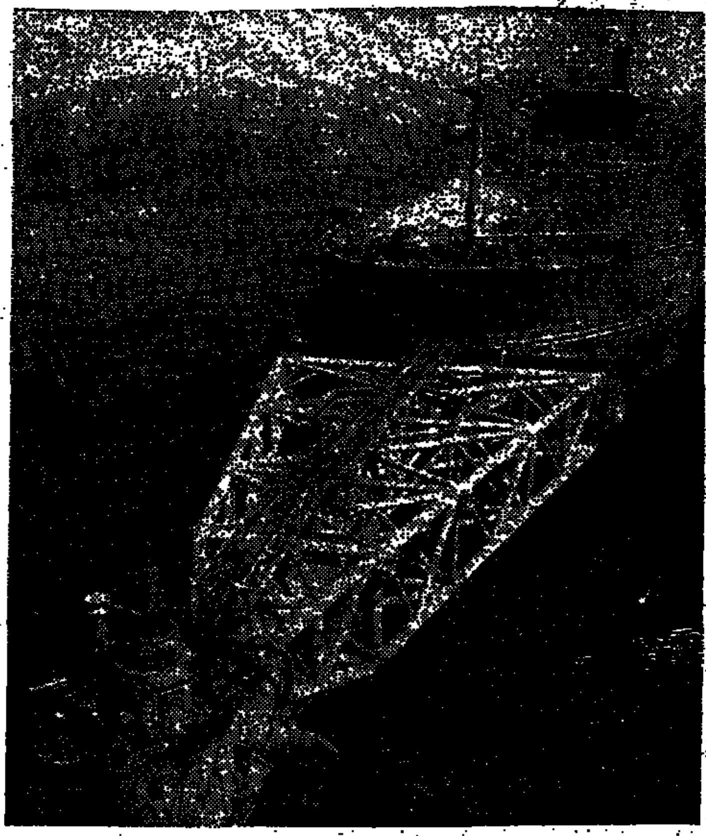
Construction costs are expected to be £425m and a further £164m will be spent on drilling the production wells. The project comprises:

- The main platform, weighing 25,000 tonnes and costing £352m.
- A smaller, 1,900-tonne platform which will support the wellheads. This unit will cost £7m.
- A £26m mooring system—the biggest of its type in the North Sea.
- A £40m floating storage unit capable of holding 1.38m barrels (189,041 tonnes).

The discovery of Fulmar in 1975 was an exploration breakthrough. It was found close to two small fields—Auk and Argyll—but at a much lower depth in the Jurassic rock structure.

It was the first time that the Jurassic sandstone had been shown to contain oil in commercial quantities in the central North Sea.

The find helped to encourage further exploration in the area. In June 1978, British National Oil Corporation announced the discovery of the Clyde Field, six miles south-east of Fulmar.



The single anchor leg mooring hooked up to the floating storage unit

Radioactive waste for sea dump

A CARGO ship was loading about 2,500 drums of low-level radioactive waste yesterday before setting off for a nuclear "graveyard" 500 miles south-west of Lands End.

The waste will be dropped from the Gem in the deep waters of the Atlantic after a voyage from Sharpness in Gloucestershire.

Barring intervention by environmentalists, the ship is expected to leave port towards the end of the week.

The gross weight of the annual consignment is 2,517 tonnes, compared with 2,696 tonnes last year, but the actual weight of the waste is only one-tenth of this, the rest being the weight of the steel drums and concrete in which the waste was poured.

The waste includes protective clothing used by nuclear workers, old air filters, test tubes and chemical sludges.

The drums will be dropped overboard into water 2½ miles deep in a remote area, said the Atomic Energy Authority. Greenpeace, the conservationist group, said it was taking legal advice to see if there was any way to prevent the ship sailing.

Challenge to BA monopoly of London-Scotland air routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH AIRWAYS monopoly of air routes between London Heathrow and Scotland (Glasgow and Edinburgh) is being challenged today when the independent British Midland Airways makes a public bid for the routes before the Civil Aviation Authority in London.

The hearing, expected to last several days, should develop into a major battle between British Airways, seeking to retain its monopoly on the Scottish shuttle from Heathrow, and British Midland, seeking to end it. British Caledonian, the other airline flying from London to Scotland, uses Gatwick Airport.

British Midland claims it could earn profits of up to £2m a year on the route, and British Airways argues that the figure is misleading and that any new operator would plunge BA's Scottish operations into losses.

Mr Roy Watts, chief executive of British Airways, told a meeting of Scottish businessmen recently that he had no intention of providing a "back-up service for British Midland."

"I would hate anybody to assume that they can support a new competitive service, secure in the knowledge that if the other airline is full, they can always walk to the next counter and catch the good old shuttle.

"If there aren't enough passengers to support it, good old shuttle won't be there.

"You will have a straight choice between competitive, bookable air services and if they're all full, there'll be no back-up Trident waiting.

"We are happy to run a commuter air service for the British public, but we're not going to run an ambulance service for British Midland."

British Airways also argues that to allow British Midland to run new services out of Heathrow would be flying in the face of Government policy of making all new operators use Gatwick.

"It would be manifestly unfair if British Midland was licensed to provide new services out of Heathrow when such opportunities have been consistently denied to other operators, both domestic and foreign.

"The authority will have to weigh very carefully the precedent that it will be creating by licensing these additional services," Mr Watts said.

Transport union backs Stansted

BY OUR AEROSPACE CORRESPONDENT

THE POWERFUL Transport and General Workers' Union has thrown its weight behind the proposed development of Stansted Airport, Essex, as the third major airport for London.

The union, which has about 2m members, yesterday said it regretted that British Airways was opposing the development of Stansted in favour of a fifth terminal at Heathrow.

But the union believed the balance of advantage to the economy, the air transport industry and future employment prospects lay with a muti-airport system for London.

This would enable British airlines to obtain and compete for a larger share of the market, which obviously improved employment opportunities in the London area.

Employment opportunities at Heathrow and Gatwick would, in any case, be increased by the provision of a fourth terminal at Heathrow and the second terminal at Gatwick (if it is approved by the Government).

The union recognised the need for the development of regional airports. It supported any steps to that end, but it felt additional airport capacity was required in the South East of England to meet regional needs, and to help to reduce the number of unemployed in the area, now over 500,000.

The development of Stansted, it said, was the most appropriate means of providing that additional capacity.

- An extended passenger terminal and other major improvements at Devon Council's Exeter airport were officially inaugurated yesterday by Sir Henry Marking, chairman of the British Tourist Authority.

Exeter Airport is the main aerial "gateway" to the South-West of England. It handles about 100,000 passengers a year and is used by 13 airlines, providing freight and passenger services to many continental destinations and to the rest of the UK.

The improvements, costing some £3m, include a strengthened runway now capable of taking all medium-range jet aircraft, a new air traffic control tower and landing system and conference room and extended passenger facilities.

- Merseyside County Council has appointed International Aeradio (IAL), the telecommunications group jointly owned by many international airlines, to provide technical services at Liverpool Airport from April 1, 1982, for seven years.

The contract requires IAL to undertake the provision of air traffic control services, navigation aids and aeronautical telecommunications maintenance. IAL won the contract in open competition with other tenderers.

Stamp collectors attack PO over private issue

STAMP collectors have attacked the Post Office for issuing a special strip of stamps to a private customer without making it available to the public.

It means that thousands of collectors who keep envelopes with new stamps marked "first day of issue" have missed their chance.

The special strip of one 2½p and three 3p stamps was printed after a request from the Reader's Digest Association for a brightly coloured strip totalling 11½p—the second class postage rate.

The mail order company has sent out the strips as part of a book promotion.

But the combination of stamps has never been used by the Post Office before and it will not be put on sale until September 2—nearly 11 weeks after first being sent out by Reader's Digest.

Mr Andrew Watton, editor of a newsletter for the British Decimal Stamps Study circle, said: "I asked the Post Office marketing department . . . and was told they had been produced purely for Reader's Digest.

"I asked if the stamps would be available for collectors and was told only if there were any left over."

Mr Watton said he pointed out that the strip contained two new varieties and that collectors would want them. The Post Office then told him they would be issued if there was a demand, he said.

A Post Office spokesman said: "We always intended to issue them to collectors."

Weaker sterling forecast as payments balance slips

BY DAVID MARSH

STERLING is likely to weaken next year, particularly against European currencies, as Britain's current account balance of payments moves into deficit, according to a report from Forex Research, the London forecasting group.

The pound is likely to improve against the dollar in the next six months as U.S. interest rates fall from recent high levels. But the large gap between UK and German inflation rates is expected to lead to a gradual weakening against the D-Mark, the report says.

It forecasts that sterling will be about \$2.12 in January 1982 compared with about \$1.90 at present, although the rate is expected to fall to \$2.08 by July next year.

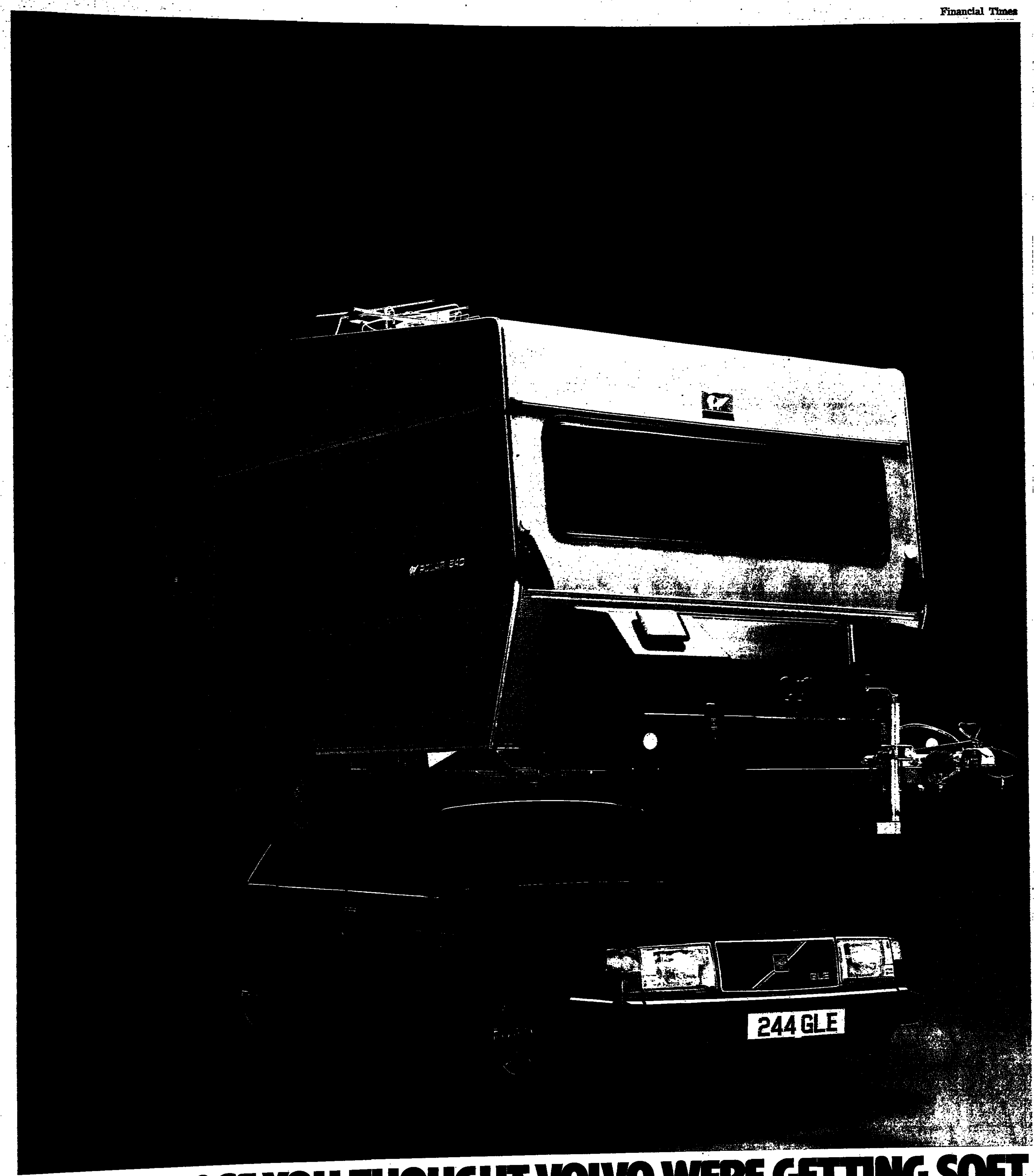
Against the D-Mark, the group foresees a fall from the current DM 4.62 to DM 4.49 in January and DM 4.20 in 12 months' time.

UK imports are likely to rise substantially next year from the very depressed levels of early 1981 as an economic recovery gets under way. This will swing the current account into a deficit of just under \$1bn next year from a projected surplus of \$4bn this year.

Sterling has been weakened lately by the fall in international oil prices, but any disturbance of world oil supplies in the next year would boost sterling by renewing its attraction as a petrocurrency, Forex Research says.

Building society offers £1 bonus

The Bridgwater Building Society is offering a £1 bonus for new Paid-Up Share or Thrift accounts opened with a balance of £10 or more.


244 GLE

Heavy security in Liverpool yesterday for the Prime Minister who arrived in the city at about 9 am for a tour of Toxteth, the main trouble area. At Liverpool town hall, where she had meetings with civic officials, she was met by a noisy crowd several hundred strong chanting "Maggie out." The crowd included a contingent from the city's Labour Party Young Socialists with banners repeating their demands for police to be withdrawn from the riot areas

Lords revolt likely over Gibraltar

Financial Times Reporter

THE POSSIBILITY is growing of a Government defeat in the Lords later this week over the right to British citizenship for Gibraltarians under the Nationality Bill.

Lord Bethell, a Conservative member of the European Parliament is leading a backbench attempt to push through full status for residents

The attempt is supported by former Tory Treasury Minister Lord Boyd-Carpenter, Baroness Vickers, and Labour peer Lord Hughes.

A similar challenge to the Bill, which creates three classes of citizenship and would confine Gibraltarians to citizenship of "British Dependent Territories," failed in the Commons.

Conservative peers are confident, however, of success with the support of the Opposition, cross benchers, Social Democrats and Liberals.

Political leaders from Gibraltar, including Sir Joshua Hassan, Chief Minister, have already voiced their fears at talks with Eir Ian Gilmour,

The pressure on the colony's leaders has increased since the announcement by Mr John Nott, Defence Secretary, that the Government would examine ways of fulfilling its obligation to support Gibraltar's economy if it is decided to close the dockyard there,

Government tightens rules on deep sea mining sites

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT is taking action to prevent multinational groups building up large "bank," of deep-sea mining sites before an international agreement on the subject is reached at the United Nations Conference on the Law of the Sea.

A Government amendment to the Deep Sea Mining (Temporary Provisions) Bill was approved without a vote during last night's report stage.

It stipulates that a company seeking a licence may have to give an undertaking that it will "diligently" explore or exploit the licensed area.

The amendment is intended to prevent multinationals applying for a large number of sites on the sea bed without any serious intention of working on them.

The Government proposal was not, however, strong enough to satisfy the Opposition.

Mr John Cunningham, a Labour industry spokesman, moved an amendment saying that a company must apply for two licences in each case.

One would have to be held for eventual use by any international organisation for sea bed development which is set up as a result of the UN conference.

The amendment was lost by

Cunningham: moved amendment

175 votes to 119, a Government majority of 56.

Labour MPs argued that big multinationals were now being given the opportunity to exploit the mineral wealth of the sea beds for the benefit of the West.

They urged that the interests of the Third World should be protected until a satisfactory international agreement is reached.

A new industry with a turnover of £4bn to £8bn, mining over 3m tonnes of ore a year is expected to emerge from the development of the deep sea bed. Minerals extracted would include nickel, manganese, copper and cobalt.

Mr Cunningham said that although the Government amendment gave some hope to developing countries it would not limit the number of licences granted in the first place. It would only add a condition which could eventually lead to a licence being revoked.

Mr John MacGregor, Industry Under-Secretary, emphasised that the Government had always regarded the Bill as a temporary provision.

It was intended that the international convention—when it came into being—should overtake the Bill.

He maintained that the Government amendment would go a long way to ensure that an unlimited number of licences are not granted.

The Labour amendment, he said, would place onerous obligations on British mining companies at this stage.

The Labour proposal, he added, would prejudice Britain in negotiating a preliminary investment protection arrangement at the Law of the Sea conference.

Anger over prospects for Wales

By Ivor Owen

RENEWED WARNINGS by Labour MPs that public disorder may spread to Wales because of rising unemployment led to angry protests by Mr Nicholas Edwards, Welsh Secretary, in the Commons yesterday.

Mr Edwards said Wales was proving more successful than any other part of the UK in attracting new industries during the recession, and described the reputation of the workforce as "our greatest single asset."

He said this reputation would be put at risk if the words of Labour MPs were to have the effect of encouraging outbreaks of social disorder in the principality.

He also made it clear that he is still hopeful that contacts with the Nissan company of Japan will lead to a new Datsun car plant in Wales, but admitted that he did not know what the company's decision—expected to be announced at the end of the month—would be.

In a fierce attack, Mr Leo Abse, (Lab, Pontypool), recalled that only six months ago Mr Edwards mocked the Commons committee on Welsh Affairs for reporting that without preventive action, there would be a danger of serious social disorder in Wales.

"Have you the same high confidence now that it has happened in so many English cities?" demanded Mr Abse, who is chairman of the committee.

He emphasised that while violence had so far been avoided, it was a lamentable fact that the young people of Wales were sinking into apathy—36.1 per cent of the total registered as unemployed in April were under 25.

Mr Abse called on the Welsh Secretary to cease to be the "satrap for the Prime Minister" and speak up for Wales in the Cabinet to secure a reversal of current economic policies.

To Tory cheers Mr Edwards retorted "that is the usual sort of rubbish we hear these days from you."

He denied that the young people of Wales were sliding into apathy, and claimed that the Government had responded to the situation with

Edwards: "Welsh reputation at risk"

the largest programme of factory building ever attempted in Wales.

Special measures for the unemployed had also been increased.

Mr Edwards argued that it would be fatal if the encouragement which he feared Mr Abse's words implied were to lead to the tragic example set in some English cities being followed in Wales.

Undeterred, Mr Ray Powell (Lab Ogmore) insisted that it was Government policies which were "fanning the flames of violence," by deliberately creating industrial and social unrest.

Mr Edwards snapped: "It ill becomes anyone in this House to make that kind of cheap party attack."

Mr Abse returned to the exchanges by urging Mr Edwards to force the Prime Minister to depart from hard line, partisan, and single minded monetarism, in favour of a new policy based on a programme of public works.

School meals price debate splits ILEA Labour group

BY GARETH GRIFFITHS

THE Inner London Education Authority is to decide today whether to cut the price of school meals in the capital from 35p to 25, a decision that will highlight the divisions between Left and Right in the controlling Labour group.

The Labour group is committed in its election manifesto to reduce the price and ILEA's chairman, Mr Bryn Davies, voted at a recent Labour group meeting to carry out manifesto commitments.

But ILEA has been told by counsel that the reduction of school meal prices would be construed as "unreasonable" and members of the authority could be liable to surcharges.

Last year ILEA spent £35m of its £766m budget on its school meal services, although there was underspending of some £73,000 during the year. Its school meal prices are among the lowest in the country and have among the highest take-up rates among school children.

The significance of the school meals issue lies in the fact that it is the first election manifesto commitment to come under debate.

The price cut is part of a package which includes restoring previous cuts by ILEA and which could lead to an increase in the precept the authority makes on the inner London boroughs.

ILEA already has to find £37m on a deficit it ran up during the last financial year.

Divisions on the issue are not exclusively Right-Left. Mrs Frances Morrell, the deputy chairman of the authority, normally placed on the Left, is reported to be worried about the surcharge implications of the policy and voted against the price cuts at an ILEA Labour group meeting on June 30.

The Left-wing majority of the 36 Labour members on ILEA are expected to vote for the price cuts, but the party's moderate members allied with the 10 Conservatives, one independent and one Social Democrat, are expected to secure a narrow majority for keeping prices at their present level.

This could have political repercussions at constituency party level, where the manifesto commitments have become identified as acid test of Labour councillors' loyalties.

Disabled seek more funds

BY ELAINE WILLIAMS

A CALL for more Government funds to provide aids for the disabled was made yesterday at a parliamentary information technology committee exhibition on the use of silicon chips to help disabled people.

Organisations representing the disabled want existing funding arrangements — which often discourage applications for aids — to be improved.

The Government was also criticised for its failure to provide many modern aids — most based on the silicon chip — through any of its health or welfare agencies on a routine basis.

Coin St. inquiry delay backed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

GREYCOAT Commercial Estates has lost its attempt to get the public inquiry into its controversial plans for redevelopment of the Coin Street site near Waterloo resumed immediately.

The Court of Appeal yesterday dismissed the company's appeal against a High Court judge's refusal to order the planning inspector to get on with the inquiry at once.

On June 4 the inspector adjourned the hearing until September 8 to enable the new Labour-controlled Greater London Council to review its planning policy, and to avoid sitting during the holiday period.

Greycoat contended that the adjournment had been granted for legally irrelevant reasons. It said that the inspector had feared that objectors to Greycoat's plans would think him unreasonable if he did not grant the adjournment.

The company told the Appeal Court that it could be severely prejudiced if the inquiry was delayed. It had a three-year option from the GLC to buy the part of the 12½ acre site it did not already own. The longer the inquiry was prevented from getting under way the more endangered were the company's rights under the option agreement.

Lord Denning said that there were no possible grounds for saying that the inspector's decision was wrong. It had been right to adjourn to give those concerned a full opportunity to make use of their rights.

Lord Justice Eveleigh said that to insist on proceeding at once would give rise to understandable complaints.

Lord Justice Brandon said that the inspector's decision accorded with the principle that justice not only had to be done but had to be seen to be done.

It is understood that Greycoat does not intend to appeal to the House of Lords.

The company's proposals for Coin Street give over the greater part of the site to offices. They are opposed by over 270 local individual and group objectors, including the Association of Waterloo Groups, which has put forward its own proposals—backed by the GLC—in which housing, workshops and light industry predominate.

Unemployment benefits stop in some riot areas

BY PHILIP BASSETT, LABOUR STAFF

PAYMENT OF unemployment benefit in some areas hit by the rioting was halted yesterday because of the Civil Service strike. There were signs of further tough action from the Government against the strikers, including those in the benefit service.

The stopping of benefit payments at Hackney, in east London, and Keighley, in West Yorkshire, in addition to the already-stopped office at Kinning Park in Glasgow, came as union leaders warned that such moves could place further strains on inner-city areas.

Perhaps the most sensitive area in which payments were halted yesterday was Hackney, where there was trouble at the end of last week. It is close to Dalston and Stoke Newington, where there were disturbances also.

About 44 preliminary warnings of suspension were issued to staff at the Hackney office, where 13 of the 70 staff are already on strike, over the refusal, common to all the benefit offices affected, to handle Giro cheques brought by outside agencies from the strike-bound Stationery Office in Watford, Hertfordshire.

Benefit payments have also been stopped at Keighley, where 25 staff are on strike and at Kinning Park, where 12 are out, with three working, though all operations have been halted. Seventeen staff at the Washington benefit office, Tyne and Wear, are out and four others were warned of suspension yesterday.

Suspension warnings were also given to staff at Bootle (31 out of 60 staff), Wood Green, north London (13 staff), Leyton, east London (26), Sheffield (at least four staff) and Barrhead, near Glasgow (four staff). These are all expected to be brought out on strike or temporarily relieved from duty by the department.

The position at local level in the benefit services is changing hour by hour. Union and departmental officials are finding it difficult to stay in touch centrally.

There may be further suspensions, combined with action on pay, depending on the outcome of a crucial meeting today of the full 63-member Council of Civil Service Unions.

Pay options being actively considered — which some officials believe could be used this week or next — include withdrawing the present 7 per cent pay offer or imposing it in the pay packets of staff who are not taking industrial action.

Such measures could well be implemented if today's meeting, as expected, decides to continue the programme of selective strikes, now in their 19th week.

Executive committees of the unions involved in the benefit and other areas of industrial action met yesterday to consider the Government's action, followed by a meeting, which was still going on last night, of the council's major policy committee to prepare the ground for today's full council.

Despite the pressure expected to be exerted from some parts of the largest union, the Civil and Public Services Association, for an all-out strike, continuation of the selective action still seems the most likely option.

Some union leaders are urging that it should be concentrated on the original defence and revenue areas to avoid financially-damaging escalation. Others may use the riots as a reason for not pressing hard in the benefit area.

Bank moves against arbitration process

BY NICK GARNETT, LABOUR STAFF

WILLIAMS AND GLYN'S gave six months' notice yesterday to the Banking, Insurance and Finance Union (Bifu) that it is terminating its procedure agreement.

The bank has done this to rid itself of the unilateral clause which involves compulsory arbitration—for staff other than the basic clerical grades—in disputes even if only one of the two parties wants to follow this course.

Williams and Glyn's has offered Bifu the same procedure agreement but with the clauses on arbitration absent. The bank prefers voluntary, mutually-agreed arbitration. Mr Leif Mills, Bifu's general secretary, said yesterday that the move was a step backwards for industrial relations.

Among the English clearers, only Lloyds Bank has unilateral arbitration included in its negotiating agreement for managerial staff with the domestic section of the Clearing Bank Union (CBU) and for technical staff in its agreement with Bifu.

Lloyds Bank has occasionally aired some disquiet about its arbitration clauses. Mr John Bealey, general secretary of the staff association at Lloyds, said yesterday that he had not been told of any desire by the bank to withdraw from the agreement.

Williams and Glyn's—which recognises only Bifu—said it had been concerned that the arbitration clause had been used to drag the bank into inter-union conflicts between Bifu and the CBU.

The clause had been used by Bifu when it was in disagreement with the Federation of London Clearing Bank Employers, and the decision to withdraw was taken to protect the bank's operating position.

Bifu has used the arbitration provisions successfully on a number of occasions—including securing an improved Christmas holiday agreement for grades 5-15 covered by the arbitration clauses—to obtain better deals than the national agreements.

The bank denied that it had been put under any pressure by the other clearers. The federation is engaged in discussions with the unions on a new procedure agreement which would involve some form of voluntary arbitration.

Mr Mills said he thought the federation might have put pressure on Williams and Glyn's. Arbitration was a means of solving disputes peacefully, and the employer was now doing away with this.

The only options for the union in disputes, he said, would now be "to lie down with our legs in the air or take industrial action."

Magazines delayed by dispute

Financial Times Reporter

WORKERS AT the Odhams printing company in Watford stayed away from the plant yesterday in a dispute over who should handle new machinery.

Thousands of copies of magazines printed by Odhams for IPC, the parent company, are held up while the 100 workers, all members of SOGAT, take unofficial action. The action is in defiance of local and national union instructions.

Unions at Sun Printers on the other side of Watford are to hold meetings over the company's proposals to install laser style equipment costing £1m under Robert Maxwell's survival plan for the company.

The dispute at Odhams started last week when members of one of the two chapels (branches in SOGAT went home after they disagreed about who should handle new packaging machinery in the warehouse.

According to the company agreement was reached with the union at local branch and national level that warehouse staff should man the new machinery.

Members of the combined chapel disagreed and claimed they should operate the equipment.

A company spokesman said: "We do not care who handles this equipment. We want to see it in operation as soon as possible." The SOGAT branch at the plant would not comment on the dispute yesterday.

Meanwhile union officials at Sun Printers declined to comment on the company's announcement that it would install the first Laser Gravure system in the world.

Ambulance action halted

LONDON AMBULANCE staff yesterday decided not to stage any more pay strikes without warning while there is a danger of rioting and looting.

A statement by the convenor's committee said: "We defer any further industrial action owing to the unsettled nature of the civil situation.

"It is the decision of the convenor's committee that given these circumstances and the risk to our members, that our prime responsibility is to seek to protect our members plus our colleagues in the recognised emergency services as well as indeed the public.

"Recent events have proved, as nothing else can, the justification of the claim of the ambulance service for emergency status and parity with the recognised emergency services.

"We would call on the Government to declare firmly their intention to recognise the ambulance service as an emergency service in line with the statement made by the Home Secretary in the House of Commons on July 6."

● MORE THAN 150 ambulance staff in Northamptonshire began an indefinite work-to-rule yesterday in support of their pay claim.

Rail union's attempt to avert tube strike

PAY NEGOTIATIONS between London Transport and the three rail unions will resume today to try to resolve the dispute on the London Tube service.

The 15,000 underground workers have rejected an 8 per cent offer and are threatening to strike from Monday.

Burmah workers fight to save refinery

WORKERS AT the Burmah oil refinery in Ellesmere Port, Cheshire, last night voted to step up their campaign to keep it open. They will impose an immediate overtime ban and plan a 24-hour strike next Tuesday.

The decision was taken by more than 400 employees from the Association of Scientific, Technical and Managerial Staff, and craft unions, who feel that management has broken an agreement with them.

They claim that at a previous meeting they had agreed with management that a joint approach should be made to the Department of Industry to see if Government aid would be available to save the plant.

The unions say that instead, management visited the department separately and presented its own "unduly pessimistic" picture. The company claims that the refinery, which made a £10m loss last year, would make a further £80m loss in the next five years.

Last night Mr Ted Gilbertson, treasurer of the union's action committee and senior shop steward with the engineering workers, said: "As a result, we have decided not to co-operate in a move to make Castrol [a Burmah subsidiary] totally independent of the refinery. Castrol is totally dependent on the refinery for services. We are staging an immediate overtime ban, a 24-hour strike and we are going to lobby the company headquarters in Swindon."

The refinery is due to close in a year with the loss of 1,000 jobs. The first redundancies are expected in December.

Shops stewards meet to consider threat to close Liverpool docks

FINANCIAL TIMES REPORTER

ONE HUNDRED Mersey Docks shop stewards will meet in Transport House, Liverpool, tomorrow to consider last week's warning by the Mersey Docks and Harbour Company that the future of the port is in doubt unless the pay claim by the 3,500 dockers is settled quickly.

The Transport Workers' Union negotiating team on the Port Organisation Committee decided yesterday to call the meeting.

Mr Jimmy Symes, the Mersey district docks' secretary, said, after the three-hour meeting, that it had been decided to put the facts beforeall the shop stewards and there would be no statement beforehand.

He said there would be no approch to the port employers for a resumption of negotiations until the stewards had met.

Mr Symes said he did not anticipate any further industrial action before the meeting. He emphasised that the union position had not altered in any way. The dockers were still demanding a pay rise without strings, he said.

The port employers are equally determined that any increase must be accompanied by changes in working practices. As a result there is no sign of a breakthrough in the stalemate.

TECHNOLOGY

Large vessels will soon have to carry automatic radar plotters. **Max Commander** reports

Sea law will help to sell radar aid

MARINE LEGISLATION taking effect from July 1 next year is expected to boost the business of companies specialising in navigational radar aids.

From that date it will be mandatory for vessels of more than 10,000 gross registered tons, carrying bulk hazardous cargoes, and entering a U.S. port to have installed an Automatic Radar Plotting Aid (ARPA).

In the UK, the merchant shipping rules of 1976 will be amended in accordance with the International Maritime Consultative Organisation (IMCO) recommendations with ARPA fitting phased between 1984 and 1990.

One company hoping to reap benefits from the changes is Kelvin Hughes of Hainault, Ilford, Essex, a division of Smiths Industries.

Kelvin Hughes has linked with Norcontrol, the Norwegian computer company and recently launched its ARPA system under the title "Anticol."

The system, KH claims, is the most sophisticated yet, meets all current and impending legislation, and after final sea tests will be available for fitting in the Autumn.

Anticol is a display development designed for use with "Radpak," a general purpose navigational radar system introduced by KH last December.

The Anticol computer is based on a 16 bit microprocessor and programming for extraction and tracking algorithms with auto or manual acquisition of data.

The operator, if he selects the former mode, will be supplied with automatic acquisition of all targets within an operator adjusted search area. At maximum, this can extend for 24 nautical miles in any direction.

Mr S. R. Parsons, Kelvin Hughes' Technical Director explains: "The total tracking capacity in the auto mode is increased to 50 targets as opposed to 20 targets in the manual mode. The reason is that the system may acquire a number of targets of minor interest, but this cannot be determined until their tracks are calculated. The system selects the 20 most relevant targets which will be displayed with vectors as determined by potential collision risk.

"A signal is declared a target if its amplitude exceeds a given threshold. In Anticol this level is independently controlled for each target and adjusted adaptively. This adaption for each target responds to the number of signals received and their stability, but also actively perturbs the threshold level to search for a better setting."

Anticol dynamically controls the threshold levels in relation to range and bearing by constructing a clutter map of the ship's radar environment in 64 sectors, each 5.6 degrees wide and divided into 16 range cells, thus providing 1,024 clutter cells.

For each clutter cell the threshold is controlled so that the number of random clutter signals exceeding the level, in other words, false alarms, in a given time is kept constant.

It is then possible to program a target detection algorithm whereby a signal is declared a target only if it is detected in the same, or nearly the same, location for two out of three scans. The potential target can then be further tested by trial tracking for about 30 seconds before being finally acquired.

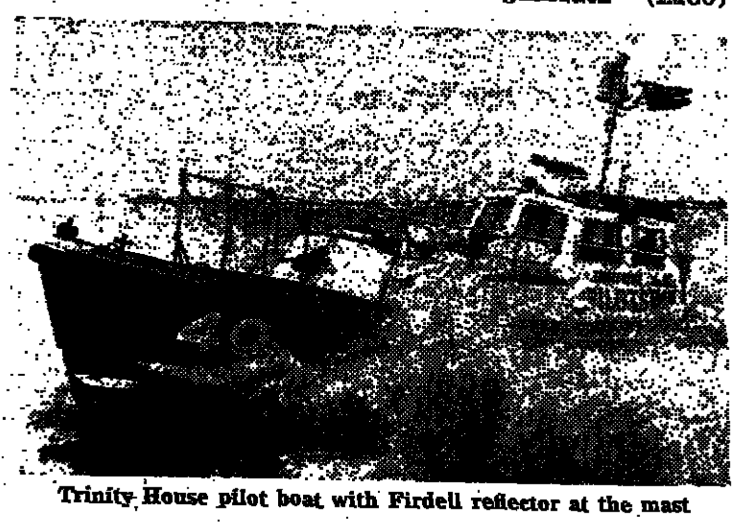
KH makes a strong point for Anticol whereby in the auto mode any target entering the search area, on being acquired, can be made to activate an alarm and identify itself by means of a flashing vector.

The company claims advantages over the more simple and usual guard ring system where target acquisition depends on the signal passing through a narrow pre-set range band.

The guard ring-system can fail to produce a visible signal, and also if the target is lost when inside the ring will not be reacquired, a target can also pass through the guard ring in the shadow of a larger ship or in a rain shower.

Although versions of the ARPA have been available for more than 10 years, many shipowners, while conceding their contribution to safety, have been daunted by the costs.

Another problem has been the lack of training facilities for operators. Now, in addition to courses at the nautical colleges to a syllabus laid down by the Department of Trade, KH plans its own training course and also an on-board video cassette recorder modified to interface with the Anticol display. More about Anticol from Freddie Brown, 01-500 1020.



Trinity House pilot boat with Firdell reflector at the mast

Reflectors help radar to spot yachts at sea

THE STRANGE angular devices at the mastheads of yachts all over the world, bear mute testimony to the importance of radar to small ships as well as large.

The devices are reflectors, which return the radar beam and so render the yacht visible on the radar scheme. Yachts themselves are made of materials such as glass reinforced plastic, woods, sailcloth and rubberised fabric that are largely transparent to the radar beam—and in fact, once wet, they reflect the radar beam in a similar manner to the sea itself.

Hence the need for a reflector made of metal which will not transmit the radar beam.

The shape of the reflector is also important; most are made up of a series of corners where each of the three planes intersect at right angles—a re-entrant trihedral corner.

The maximum strength of reflected beam occurs with such a structure when the beam is central and so at about 36 degrees to each of the three planes.

Firdell of London have been marketing for some time a development of the traditional metal reflector which is claimed to provide far superior performance.

The reflector is fully encased in a plastics shell (invisible to the radar beam) to protect it against corrosion and, according to Firdell, it should not be situated at the mast head—it need only be fixed four metres above sea level to be fully effective over a minimum radius of five miles.

Firdell claims also that the yacht can heel by as much as 30 degrees without affecting the performance of the reflector significantly.

So whereas if a yacht heels over by about 15 degrees with a standard reflector it can remain unseen by the radar of another vessel up to the point of collision, using the Firdell device the yacht is continuously in sight.

Called the "Pentland," the reflector is available from Firdell at 17, Old Street, London, on 01-253 6281.

How to spot alien bodies in bottles

A PARTICULARLY flexible computer-driven X-ray method of examining the contents of packaged, canned and bottled products has been developed by Peerless Control Systems and is being marketed by Rank Pullin Controls of Brentford.

Inclusions in food, beverage, cosmetic and pharmaceutical products have always been something of a minefield for manufacturers, retailers and health authorities. Consumer complaint and possible legal proceedings followed by media coverage can result in loss of goodwill that can take years to re-establish.

Other kinds of defects can also damage reputations: unseen damage inside a package, underfilled (or even empty) cans or a deteriorated product can all give problems.

Inspection

Inspection system devoted to particular product areas have been developed over the years —optical methods to look at the inside of bottles at the pre-filling stage for example—but technically speaking, X-rays offer the best chance of looking for the widest range of defects in as many industries as possible.

This is the approach taken in the Peerless/Rank design which has been dubbed ART, standing for automated X-ray inspection.

ART is yet another example of the flexibility that can be produced by digital working and the associated software. It consists of specially designed X-ray equipment and television displays, controlled and organised by an on-line 16 bit minicomputer. By appropriate programming, these individual items can be brought together in various ways to perform any number of customer-dedicated inspection tasks.

After intensification of the X-ray image, video from the following TV camera is digitised. Then, picture processing tasks can be undertaken at real TV line rates, or a frame store can be used to sample frames at times depending upon the inspection application.

In effect, the machine can be programmed to look for specific faults and problems by examining the picture density element by element. Density threshold levels can be set so that, in a can of (supposedly) 100 per cent meat, readings 2 per cent above, yield rejection on the basis that a foreign body must be present, and 2 per cent below, because the tin must be only partially filled.

In uniformly dense products such as butter or cheese, standard density levels can be programmed and any general variation easily signalled. However, ART can also use an image edge determination technique which reveals undesirable items in products with naturally inconsistent densities. Bones, for example, are quickly discovered in blocks of frozen meat.

Analysis

This kind of real time computer analysis permits inspection with no delay of production lines. Depending on the size and content of the item, the machine can take as little as 40 milliseconds to inspect it—in the case of cans for example, 2,900 per minute can be achieved.

Digital working has the further advantage that the machine can control its own hardware efficiently and automatically and can at the same time provide signals for external devices such as product reject mechanisms, conveyor belts and safety interlocks. In addition, recording devices and printers can be connected. More on 01-560 1212.

GEOFFREY CHARLISH

POINTERS

Robots

UNIMATION CUSTOMERS buying PUMA industrial robots made at the new UK plant in Telford, Shropshire, will soon be able to program their machines with a visual display *terminal also made in Britain*—by Newbury Laboratories.

Linked to the robot's integral computer, the Newbury terminals will enable Unimation customers to key in the operational parameters such as sequence, speed of motion, approach and depart distances—which the PUMA will remember and repeat as necessary.

Production at the Unimation plant is expected to build up to 20 units a month and Newbury expects to supply several hundred terminals a year.

Noise

OFFICE WORKERS who find a chattering telex is getting on their nerves can now muffle the machine with a sound-deadening hood introduced by Cableways who claims the foam-lined zinc-plated steel hood will reduce the noise by 80 per cent without affecting the machine's operation. More on 0242 514418.

Polarimeter

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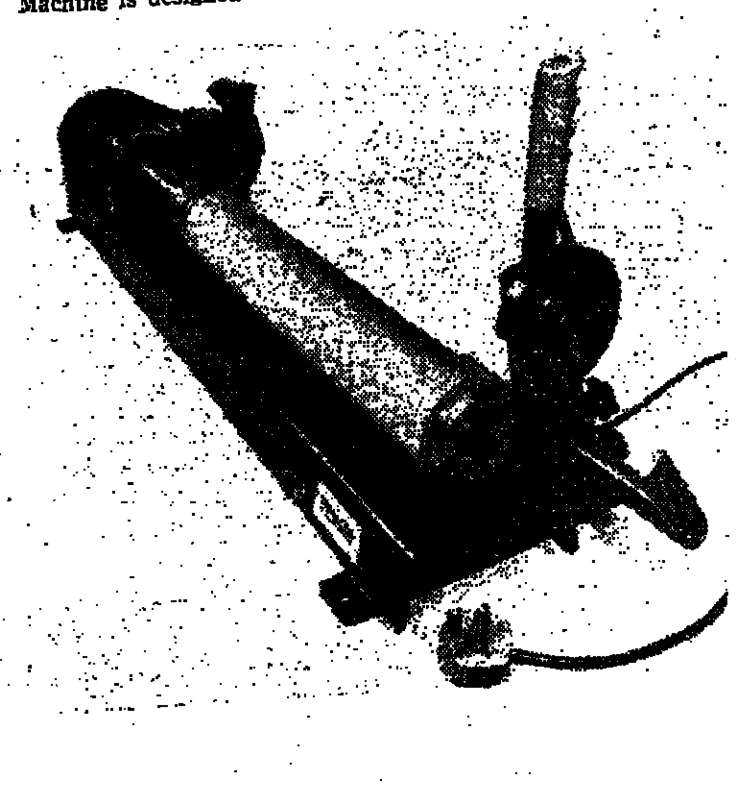

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More fuel to the CCA fire

BY BARRY RILEY

A NEW contribution to the debate on whether current cost accounting has any merits as a management tool has been made by stockbrokers W. Greenwell, with its case study on the diversified Irish tobacco group, Carroll Industries.

This company has been among the pioneers of CCA, which it has employed internally—in slightly different forms—over a number of years. Current cost accounting has been progressively adopted in Carroll's published accounts since 1974, and they now take the form of basic CCA accounts acompanied by supplementary historical cost statements; this reversal of the usual practice is entirely permissible under the current cost accounting standard, SSAP 16, which is common to the UK and Ireland.

Since pricing is a key determinant of business success, companies like GEC have argued that CCA is irrelevant because prices are set in the market by competition rather than by any sophisticated arguments arising from required rates of real return set by individual market participants. Greenwell argues, however, that in export markets CCA analysis can influence a company's decisions in a constructive way. Carroll decides whether or not to compete in particular export markets on the basis of the expected return on the proposed business on current cost criteria.

Furthermore, if a market leader sets its objectives in terms of current costs, the effect must be felt throughout the market. The tobacco subsidiary P. J. Carroll's dominant 54 per cent share of the Irish tobacco market puts it in a privileged position, so that prices can respond more quickly to current costs. Moreover the Irish National Prices Commission is receptive to CCA arguments on pricing.

For current cost budgeting to become the normal procedure within the Carroll group this has required extra assumptions compared with historical cost procedures. But Carroll has found it well worthwhile to face up to these difficulties. The forecasting system is based upon the principle that the cost of producing goods must allow for the replacement of raw materials and the portion of fixed assets consumed in the process. Carroll does not support the argument that this system is too complicated to operate.

An important conclusion arrived at by Greenwell is that this fundamental concentration on CCA principles can invalidate one important criticism of CCA that it tends to produce highly volatile results from one year to the next. Carroll's CCA profits record over the past five years has been hardly more volatile than the historical cost equivalent.

If a company sets its primary management and financial targets in terms of current cost, it will so arrange its pricing policy, the flow of discretionary spending and the impact of year-end provisions, so as to produce a desirable trend in current cost, rather than historical cost, profits.

But it helps if the company is a big, dominant fish in a small economic pool like Ireland.

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How Niarchos rides the shipbuilding slump

Victor Walker examines the labour relations and financial policies of Hellenic Shipyards

IT HELPS, when running a shipyard, if the founder and owner is Stavros Niarchos. Whenever there is a slack period, out goes a distress call, and an anxious watch on the horizon is soon rewarded with the welcome sight of a Niarchos tanker steaming in for repair.

It helps, too, when the balance sheet is drawn up. Niarchos, an extremely wealthy man did not press the panic button over losses of six or eight million dollars — the range reported by his Hellenic Shipyards at Skaramanga in 1978 and 1979—or cry over a couple of years without dividends.

But the real secret at Hellenic, which has not been immune to the world shipbuilding recession, and the rise in far eastern competition, is the yard's unusual labour relations record: 21 years of operation and not one hour lost as a result of an industrial dispute.

The yard is perhaps fortunate in that its 6,000 employees, manual and clerical, are represented by a single, exclusive trade union; apart from making negotiating easier, it rules out inter-union jockeying.

The Union of Workers and Employees of Hellenic Shipyards collects monthly dues of five drachmas from each of its 3,800 members. That, and the proceeds from sports and social events, gives it an annual income of between Drs 400,000 and 450,000 (about £4,000). In the normal run of trade union activities, that would be the strike fund: at Hellenic, it all goes on extra assistance to sick, injured and retired members.

Dimitri Rentoumis, now in his fourth year as union chairman, says he cannot think of a situation in which his seven-member council would call a strike. Problems of trade unionism "outside the gates" stay there, he says, adding that there is nothing that cannot be solved through direct negotiation with the management.

Hellenic last year turned in a net profit of U.S.$2.7m on a turnover of $130m. In 1976 and 1977 it made net profits of $13m and $11.4m respectively, then plunged into the red with losses of $6.4m in 1978 and $8m. in 1979.

Even in the bad years, there were no layoffs. Costis Dracopoulos, the chairman, says that was because of the yard's basically sound financial position—net reserves stand at $99m. But it was, above all, he says, a policy decision; the no-strike record is matched by the no-layoff record, with reciprocal obligations.

Hellenic's origins can be traced back to 1957 and the game of one-up-manship played for the best part of two decades between Niarchos and the late Aristotle Onassis. The former was attracted by the idea of having his own yards, initially for repair, but later perhaps building his own ships. Onassis for his part, counetred with Olympic Airways.

In what Dracopoulos describes as "insurance against starting on the wrong foot," a Dutch group, NDSM Shipbuilding, was commissioned to design the Niarchos yard and a Belgian yard, Mercantile Marine, managed it during the first two years of operation. Most of those holding senior positions today, including Dracopoulos, got their feet wet under Belgian supervision.

The build-up came slowly and cautiously, with the last addition, a 500,000-ton graving dock, commissioned only in August 1977.

Missile boats

With the current value of the yard's investment put at about $260m, Hellenic is today among the biggest single private businesses in Greece, as well as the first heavy industry set up there since World War Two.

It ha so far built one 25,000-ton tanker, the World Hope, for Niarchos interests, 27 freighters designed by Austin and Pickersgill of the UK, 19 bulk carriers, nine of them for the Niarchos Group, and five product carriers, representing in all 1,192,000 deadweight tons.

In the last 20 years, it has also repaired 4,787 ships totalling more than 182m dwt, with the Niarchos group share something under 8 per cent.

In addition it has built 10 patrol craft for Greek Government services and four French-designed missile boats for the navy—all orders that might logically have been expected to go to a state yard.

In the missile deal, Dracopoulos says "We undercut the French and will come out no better than even, but we gain experience and prestige."

The munificence of Stavros Niarchos (left) has eased the burdens of Hellenic's top management: (left to right) Christopher Caldis, vice-chairman, Constantine Dracopoulos, chairman, and Constantine Brissimitzakis, a director.

In spite of the difficult climate, the yard is still fairly busy, carrying out orders for 10 30,000 dwt product carriers, worth $240m, and two missile bots for the Greek Navy. In addition negotiations are near completion for an order of six 45,000 dwt bulk carriers for Niarchos' other interests, which would bring the order book to 570,000 dwt and provide work for 1985.

The order for 10 product carriers, for various Greek interests, was secured by "matching the Japanese price so as to keep going for the next three or four years, by which time things may be better," Dracopoulos says.

This was made possible by a Greek Government offer of fixed-interest $8\frac{1}{2}$ per cent loans for up to 80 per cent of the ment subsidy enjoyed by ship-cost, the only form of government yards in Greece, but they are indirect in that the loans are made to those ordering the ships, not the builder.

Hellenic's 1980 return to profit was achieved despite paying 500 workers for doing nothing for a month; idle time totalled a staggering 119,000 manhours — but described by Dracopoulos as "within acceptable limits."

This year started no better, with idle time in the first quarter equal to paying 500 workers for doing nothing for 12 days.

Medical aid

On the whole layoffs are avoided through the yard's unusually high average wastage figure of 500 a month, mostly apprentices and unskilled personnel, equal to close on 10 per cent of the workforce. This is due in part to the Greek dream of being one's own master — "people come here, stay a year or two to learn a trade, then move back to their villages to set up their own little business," says Dracopoulos.

In boom times this might be doubtful economics, but in slack times it means that sackings can be dispensed with.

Rentoumis says that take-home pay of some of his union members is as much as 100 per cent above rates set in the national collective agreement for metalworking industries, and there are generous fringe benefits, such as medical aid, scholarships and cheap shopping facilities.

Annual wage increases matching national averages, but granted without haggling, maintain the differential.

Says Rentoumis: "The extremists have given up on us. They came out three or four times, demonstrated outside the main gate, and we saw them off. Now they think we're creatures of Niarchos, but all we want is to be left alone to enjoy what we have."

An example of how this pays off for the yard came earlier this year, when the government introduced a five-day week for the public sector and "advised" its extension to private industry.

Christopher Caldis, vice chairman of Hellenic, says "No owner is going to bring a ship in for repairs unless he knows a yard works Saturdays and Sundays, and no yard can pay overtime two days a week and stay competitive. So when the union came and said 'What about us?' we said 'It's up to you, of course, but do you really want a nine-hour day in the summer? Do you think you could stand it?' (Shade temperatures at Skaramanga can reach 110 degrees F in July and August). They went away, talked it over with the membership, then said 'No thanks, we think we'll stick with six days at $7\frac{1}{2}$ hours'."

Rentoumis agrees. "We're still talking about it. We're divided. But if we do decide we want it, we know that all we have to do is to ask for it."

Hellenic weathered its two-year crisis, Dracopoulos believes, because of its flexibility in switching between repairs and the construction of new ships—in 1980, repairs accounted for about 75 per cent of the year's work.

"Niarchos gives us an average of 8 per cent of our repair jobs, but the important thing is that he brings his ships in when we need them most, to help us out of a slack period," Dracopoulos says. "He gave us the initial push with the order for 'World Hope,' he used his contacts to get us repair orders from the oil companies, and he gave us courage in early days — none of us had had anything to do with shipyards."

And what of the future?

On the one hand, "during the bad years most owners skimped on maintenance, to minimise expenses, and we're already getting some of the backlog, plus work in connection with "IGS" and "COW" (installation of the inert gas system and crude oil washing on some tankers).

"On the other hand," continues Dracopoulos, "Greek shipowners are not sentimental where prices are concerned. Europe, including us, is about 20 per cent more expensive than Singapore—we're a bit cheaper than north Europe yards and comparable with Portugal—and then there is the question of making a detour. There's some margin for tankers, but not many dry cargoes come normally to this part of Mediterranean."

For most European shipbuilding yards, Dracopoulos says, "the only real hope of survival is a new shipping boom." Only then, he suggests, will yards with relatively high costs be able to compete, by offering early delivery.

"I assure you that anyone who says a West European yard can ever compete costwise with Japan, South Korea or Brazil is kidding himself."

LOMBARD

The Fed should be more open

BY DAVID LASCELLES IN NEW YORK

WALL STREET was a truly extraordinary spectacle last week. The Federal Reserve Board's misleadingly named Open Market Committee, which is about the most closed body in Washington, held one of its periodic policy-making meetings on Tuesday. Interest in the meeting was feverish because many people thought the Fed might finally decide to ease its three-month stranglehold on the market for fear of suffocating the economy to death. If so, interest rates would come crashing down.

The Fed, as usual, remained silent about its deliberations, leaving Wall Street to try to discern any policy changes in the pattern of the Fed's daily interventions in the money markets—no easy job when interest rates are flying about all over the place, and the Fed is using tactics that disregard interest rate movements anyway.

Market analysts pored over every move, and some said. Yes, the Fed had eased. But others said, No, you couldn't be sure yet. All this threw the market into an agony of uncertainty.

Guessing game

But bad though last week was, this little guessing game with the Fed has been going on for months, shredding the nerves of all who participate in the markets—or report on them for that matter. It creates tremendous job opportunities for market analysts (most of whom are ex-Fed employees earning many times their Fed salaries at investment banks). But do we really have to sweat and fret like this just for the sake, as one Fed official put it, of "not giving the game away?"

Of course, the Fed has a tremendous influence on the market, and it has to be careful what it says. The slightest shift in monetary policy can alter securities values by millions of dollars, and anyone privy to the Fed's decisions could make himself a million in seconds. But does it have to be that secret, especially in a country that prides itself on its openness?

European countries, which are usually more prone to secrecy, manage to be a bit more open about it. In Germany, the Bundesbank usually holds a press conference after its meetings when it has policy decisions to announce. Even the Bank of England has begun to report daily on its money market interventions.

I am not suggesting that the Fed should throw open its meetings to the public. But surely the ignorance in which it keeps the markets about its decision is in danger of undermining the very goals the Fed is aiming for: stability and confidence. Some analysts estimate that an "uncertainty premium" of as much as 2 per cent has been built into the markets during the turbulence of the last year or so.

Might it not be possible for Mr Paul Volcker, the chairman, to put out some kind of statement after each meeting summarising the motion, or "directive" as it is called, that was approved? It need not contain details of sensitive targets set for money supply and so on. But it could indicate the broad direction in which the Fed wants to steer things. Like the money supply announcement, it could be put out late on Friday afternoon after the markets have closed to give people a whole weekend to digest it. That would cushion the impact of any big policy shift.

Last week, for instance, the Fed need only have said that it had decided not to change its stance. That would have removed an enormous element of uncertainty from the market and might even have caused interest rates to come down a bit.

Suspense

As it is, we shall not know for sure what happened at that meeting until late next month, by which time the Fed will have held another meeting and still be one jump ahead of the market. In effect, the Fed is saying "you must trust us to do what we think is right," which is a bit odd when its credibility is constantly being questioned. Mr Volcker may back this up with frequent speeches underlining the Fed's determination to be tough and by briefing analysts and financial journalists. But with dollar interest rates hurting foreign economies as well as the U.S., Wall Street is not the only place that could do with a little less suspense.

The unwarranted neglect of Sauternes

IT IS generally believed in the wine trade that sweet white wines "don't sell." Sometimes I wonder why this is, because when they are served at meals in which I share they are always received with enthusiasm — more perhaps than the possibly no less distinguished dry reds that have preceded them.

A commonly heard argument is that we are in a slimming age, and such wines, particularly Sauternes and Barsacs, scarcely contribute to this; but then nor do sweet foods, including the restaurant trolleys which do not lack customers.

It is also said that Sauternes are expensive, which, apart from the special case of Yquem, is not really correct. A single bottle will serve eight or even 10 people, which a bottle of claret will certainly not; and for a small party the re-corked bottle put in the refrigerator will certainly keep well for a couple of days.

One reason, I believe, for their neglect is that they are not all that easy to place in a meal. It is true that traditionally in France, Sauternes was served at the beginning of the meal, the end being reserved for (dry) champagne, but the publicity one reads today, urging one to drink it with pâté de foie gras, is unlikely to ring a bell with those of us whose pâté, if not home-made, is likely to be limited to the *campagne* cost level.

In fact, Sauternes goes just as well with these modest varieties, and with first courses, including mild fish ones, that have a cheese sauce, which cuts across the sweetness. But not, in my view another publicised French accompaniment, roquefort, for like all blue cheeses, it kills table wines.

Sauternes (the term comprehends Barsacs, though these prefer to use their own village name) go very well with fruit dishes, but not with chocolate or coffee sweets and cakes. In the fruit season as at present, they are the most perfect ending to a summer meal, as "relaxing" in their way, as port or madeira are in the winter.

Anyone who visits a succession of Sauternes châteaux, as I did not long one, is likely to come away wondering how long the production of their generally delicious liquorous wines will continue. Indeed Ch. Myrat, top of the second-growths, pulled up its vines five years ago. Some of the properties have been owned by industrialists from other parts of France, and in the last 10 years many of the most famous, classified in 1855 at the same time as the Médoc, have changed hands, including Climens, Coutet, Rayne-Vigneau, Guiraud and Nairac.

The last-named was bought in 1971 for about £75,000 — 15 hectares and a very agreeable, but then rundown château—by an enterprising young American, Tom Heeter and his wife, daughter of Pierre Tari, owner of Ch. Giscours. Guiraud was sold last year for Frs 15m (c £1.35m). There have even been rumours, fortunately denied, that Yquem itself was open to offers.

In the five communes that produce AC Sauternes—Sauternes, Barsac, Preignac, Fargues and Bommes—there can be few if any properties that earn a fair return on capital invested, or much profit at all. For the basic AC wine the going price is about Frs 11,000 (£1,000) a tonneau (300 dozen bottles) for Barsac and Frs 10,000 for Sauternes: the same as for much more productive St-Emilion. For a top class wine like Coutet the price is around Frs 27,000.

The worst problem is not so much low price or even lack of demand as the unreliability of the crop.

First, there are the risks of spring frosts and summer hailstorms, and both seem more prevalent there than further north in the red wine districts. The tiny Ciron stream that divides Sauternes from Barsac is described as a "cold river." and this does not help.

In April 1977 up to 85 per cent of the crop was destroyed in some properties.

Secondly, the production of good Sauternes depends on the development of the "noble rot" *(pourriture noble)* on the grapes. If it is too wet the rot is far from noble and is called grey, and very disagreeable it is. The noble variety occurs not just when the weather is good,

WINE

BY EDMUND PENNING-ROWSELL

but when it is humid — similar conditions to that producing *trockenbeerenauslesen* on the Moselle and Rhine.

So while 1978 was an excellent year in the Médoc and a good one for dry white bordeaux, it was not an outstanding Sauternes year, for there was no noble rot. But there was some in 1979, when the quality may finally turn out better than for red bordeaux.

Moreover, since this rot does not develop evenly throughout a vineyard, and Sauternes can only be made from really ripe grapes, the pickers have to go through the vine lines a number of times, varying from three to 12. At Coutet I was told it was five to seven times, at Guiraud generally five times. The final time may be as late as December. Expensive and chancy!

The maximum official yield is 25 hectolitres (hl) per ha, compared with at least 40 hl for the top Haut-Médoc communes and more for the others. Often this maximum is not made, and Yquem normally makes only 9hl, which the high price it fetches just about makes this economically possible. Very often the châteaux have to put their label on only a portion of the crop, and sell the remainder off under the basic Sauternes or Barsac appellation.

Then, the wine must be kept two to three years in wood, and there can be a considerable loss through ullage—up to 10 per cent a year. There is also the danger of the wine being oxydised. A young Sauternes, or indeed any young sweet white wine, already rather coloured, is likely to be oxydised and should be avoided. So in the best Sauternes cellars the casks are topped up every five or six days.

Obviously, production problems combined with marketing difficulties have combined to encourage some growers to cut corners, not least to achieve the 13 degrees of alcoholic strength that the *appellation contrôlée* demands. The vineyard is picked at one go, or very nearly so, and chaptalisation, the sugaring of the must, is done as a substitution for the concentrated lusciousness achieved only by the noble rot; and this sugaring raises the strength too.

Sweet white wines are always liable to be unstable, unless the weight of sugar is so great that the yeasts cannot start a secondary fermentation in bottle. To avoid this in the past, much cheap Sauternes has been over-sulphured, giving the wine a very heavy aroma and flavour. Though less common than it was, this nevertheless gave Sauternes a bad name.

The classic vintage of Sauternes in the last 20 years is 1967, and the outstanding wine is certainly Yquem, already well coloured for its age. Then followed 1970 and 1971, with the latter perhaps more distinguished. Then came 1975 and 1976. The latter is more luscious, the former has more "backbone."

In 1978 there was no noble rot, but the grapes shrivelled and so the sugar content was quite good, while the big 1979 crop was partly affected by the right rot.

Although classed-growth wines have been mentioned here, it should not be overlooked that there are a number of very reputable lesser properties, including Liot, Raymond-Lafon, Bastor-Lamontagne, Caillou, La Chartreuse, Piada, Broustet, and Padouan, which was bought a few years ago by two Australians.

Yquem has a second property, Ch. de Fargues, which makes an admirable wine, not greatly below the level of Yquem. Indeed so similar are the labels, that Ch. de Fargues might be called the poor man's Yquem; but not all that poor at its justified classed-growth price.

Three-way split for Tote Cup

RACING

BY DOMINIC WIGAN

ANTE-POST business on the July 28 renewal of the Tote Stewards Cup has been predictably light, but in contrast to expectations, the sponsors have found the bulk of business centring on three candidates—Princess Gayle, Enchantment and Steel Pass.

It will be interesting to see which of these sprinters heads the market and bids to become one of the race's shortest priced winners since Jukebox won the inaugural Spillers Stewards' Cup under Lester Piggott 11 years ago.

The most pronounced market move has involved Princess Gayle. Laid at 33-1 when the sponsors first issued prices 12 days go, the Michael Stoute-trained filly is now down to 8-1, largely it seems on reports concerning a gallop in which the filly is said to have finished upsides Marwell after working brilliantly with the champion sprinter.

Should Princess Gayle come good, she will join Calibina, the 1977 winner, as one of only four fillies to have won the race since the Second World War.

Enchantment, laid before and since Saturday's triumph at Ayr, has always been well to the fore in the betting. However, the market move for Steel Pass has been almost as pronounced as that for the favourite.

Available at 33-1 when the initial odds were released, Steel Pass scored gamely at the Newmarket July meeting. Offered at 25-1 after that success, Gavin Hunter's charge is bracketed with Enchantment on 10-1.

Henry Cecil has a high opinion of Military Band, the Sassafras colt, and Mr Joel's Yarmouth winner should have few problems at Leicester this afternoon where he is opposed only by Eastern Air, Blare and Connaught Nymph in the Mountsorrel Stakes.

Military Band may have improved sufficiently by the autumn to take his chance in the St. Leger, a race which his owner and trainer won last year through Light Cavalry. I shall be disappointed if Daffodil Day, Connaught's highly attractive half sister, cannot make a winning debut in the Blaby Maiden Stakes 90 minutes later.

LEICESTER

2.30—Manilow*
3.00—Military Band***
3.30—Tongsunian
4.00—Dragonist
4.30—Daffodil Day**

TV/Radio

BBC 1

Indicates programme in black and white

6.40-7.55 am Open University (Ultra High Frequency only). 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Heads and Tails. 3.50 Goreuon Gwynfryn: Highlights of Hywel Gwynfryn's variety show. 4.18 Regional News (except London). 4.20 Play School. 4.45 Help! It's the Hair Bear Bunch. 5.05 Newsround. 5.10 Ask Aspel. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Medical Express.
7.25 The Tuesday Film: "Hot Enough for June" starring Dirk Bogarde.
9.00 News.
9.25 War On Crime: Are we facing in Britain an imminent tidal wave of crime?
10.20 Goodbye Darling . . .
11.10 It's A Dog's Life.
11.40-11.45 News Headlines.

All Regions as BBC1 except as follows:

Cymru/Wales—5.10-5.35 pm Yr awr fach. 5.35-6.20 Wales Today. 6.55-7.25 Heddiw. 11.40 News Headlines, News and Weather for Wales.

Scotland—9.50 am The Wombles. 9.55 Jackanory. †10.10 Champion the Wonder Horse. 10.35-10.55 Take Hart. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News Headlines, News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Six Fifty-Five Special.
7.30 Mid-Evening News.
7.40 My Music.
8.05 Taking the Strain.
8.30 The Theatre Quiz.
9.00 Rhythm On Two featuring Stéphane Grappelli.
9.30 Maybury.
10.20 Mozart: The Last Decade.
10.55 Newsnight.
11.35 The Old Grey Whistle Test.

LONDON

9.30 am Shuttleworth Vintage Planes. 9.40 Bailey's Bird. 10.10 Hands. 10.35 The World We Live In. 11.00 Little House on the Prairie. 11.50 Dick Tracy Cartoon. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 Warrington 500. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Warrington 500. 2.00 Adapting to Fashion. 2.20 Daly Beauty. 2.45 Sounding brass. 3.45 Looks Familiar. 4.15 A Mouse Divided. 4.20 Razzmatazz. 4.45 Heavens Above. 5.15 Diff'rent Strokes.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Years of Lightning.
7.30 The Jim Davidson Show.
8.00 George and Mildred.
8.30 You're Only Young Twice.
9.00 The Spoils of War.
10.00 News.
10.30 Rush.
11.30 The Questors.
12.00 Barney Miller.
12.25 am Close: Sit Up and Listen with Sir David McNee.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Sesame Street. 10.30 Hands. 10.55 The Walt Disney Classic. 11.05 Spread Your Wings. 11.35 Portrait of a Village. 1.20 pm Anglia News. 5.15 Bygones. 6.00 About Anglia. 7.30 Charlie's Angels. 11.30 The New Avengers. 12.25 am Anthology.

ATV

9.30 am Here Comes Mumfie. 9.45 Monsters and Other Scary Things. 10.10 Family Hour. 11.00 Sesame Street. 1.20 pm ATV News. 2.45 Sounding Brass. 5.15 Happy Days. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.30 Charlie's Angels. 11.30 ATV News. 11.35 Paris.

BORDER

9.30 am Sesame Street. 10.30 Dick Tracy Cartoon. 10.35 Morning Matinee: "The Great St. Trinian's Train Robbery" starring Frankie Howard and Dora Bryan. 1.20 pm Border News. 5.15 Welcome Back Kotter. 6.00 Lookaround Tuesday. 7.30 Charlie's Angels. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where. 5.15 Give Us A Clue. 6.00 Channel Report. 7.30 Hagen. 10.28 Channel Late News. 11.30 Commentaires et Provisions Meteorologiques.

GRAMPIAN

9.45 am First Thing. 9.50 Wild, Wild World of Animals. 10.10 Hands. 10.40 New Avengers. 11.35 Stars on Ice. 1.20 pm North News. 5.15 End of Part One. 6.00 Summer at Six. 11.30 North Headlines. 11.35 The Monklands International Bowling Tournament.

GRANADA

9.30 am Dick Tracy. 9.35 Target the Impossible. 10.00 Cartoon. 10.10 Who's Afraid of Opera. 10.35 The Adventures of Niko. 11.00 Sesame Street. 1.20 Granada Reports. 5.15 Mork and Mindy. 6.00 Granada Reports. 6.25 This Is Your Right. 7.30 Hagen. 11.40 It's a Musical World.

HTV

10.05 am The Splendour Falls. †10.30 "Green For Danger" starring Alastair Sim. 1.20 pm HTV News. 5.15 Elmer's Candid Camera. 5.20 Crossroads. 6.00 Report West. 6.30 Mork and Mindy. 7.30 Vegas. 10.28 HTV News. 11.30 The Questors.

HTV Cymru/Wales—As HTV West except: 12.00 Poli a Pili. 12.05-12.10 pm Calimero. 4.15-4.45 Camigam. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Cefn Gwlad. 11.15-11.45 George and Mildred.

SCOTTISH

9.55 am Al Oeming—Man of the North. 10.20 Kum Kum. 10.45 Welcome to the Ceilidh. 11.10 Bailey's Bird. 11.35 Stars on Ice. 1.20 pm News and road and weather. 5.15 Tiddlers Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Father Dear Father. 11.30 Late Call. 11.35 The Monklands International Bowling Tournament.

SOUTHERN

9.35 am Untamed World. 10.00 Young Ramsay. 10.50 History of the Motor Car. 11.15 Stingray. 11.45 How? 1.20 pm Southern News. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 7.30 Hagen. 11.30 Superstar Profile.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 19.30 Morning Movie: "Floods of Fear" starring Howard Keel and Anne Heywood. 10.50 Mr Jakob's Gentlemen. 11.20 Cartoon Time. 11.30 How the Hedgefrog Grew Larger. 11.50 Mumbly. 1.20 pm North East News and Lookaround. 5.15 The Great Yorkshire Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.30 Charlie's Angels. 10.30 North East News. 11.30 Run for the Morning. 12.00 Four Angels In My Bed

ULSTER

1.20 pm Ulster News. 1.22 Cartoon Time. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster News. 6.05 The New Fred and Barney Show. 6.30 Bygones. 7.30 Hagen. 10.29 Ulster weather. 11.30 Bedtime.

WESTWARD

9.30 am The Galway Way. 10.30 Bailey's Bird. 10.55 Target the Impossible. 11.15 Sally and Jake. 11.30 Out of Town. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Give Us A Clue. 6.00 Westward Diary. 7.30 Hagen. 10.32 Westward Late News. 11.30 Faith for Life. 11.35 West Country weather and shipping forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Wild, Wild World of Animals. 10.05 The Beachcombers. 10.30 Cities. 11.30 Butch Cassidy. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 The Great Yorkshire Show. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Charlie's Angels. 11.30 Pavilion Folk.

(S) Stereophonic broadcast
‡Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 7.00 Susie Barnes with Wheels. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Gloria Hunniford. 12.00 John Dunn (S). 2.00 pm Jean Challis (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 Jim Reeves and his Music. (S). 9.00 Marching and Waltzing (S). 9.55 Sports Desk. 10.00 You've Got To Be Joking. 10.30 "Patterson." 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 Manchester Invitation Concert (S). 11.40 Elizabethan Consort Music (S). 12.20 pm BBC Welsh Symphony Orchestra (Part 1) (S). 1.00 News. 1.05 Six Continents. 1.25 Concert Part 2 (S). 2.20 Janet Baker song recital (S). 3.35 Dorian Wind Quintet (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Mozart's Journey To Prague taken from the short story by Eduard Morike. 7.20 Weber Chamber Music (S). 8.00 The Composed Voice. 9.00 Chichester 906 Festivities, concert, Part 1: Handel, Barber, Bach (S). 9.45 A Memorable Scene (S). 10.05 Concert, part 2: Tchaikovsky (S). 10.45 Francaix (S). 11.00 News. 11.05-11.15 Vivaldi (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You And Yours. 12.27 Miles Of London (S). 12.55 Weather; Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 A Dance To The Music Of Time by Anthony Powell (S). 4.00 Island Fling. 4.15 Journey Into Bankruptcy. 4.45 Story Time. 5.00 P.M.: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 Brain Of Britain 1981 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 In The Beginning . . . The evolution versus creation debate. 8.35 Antony Hopkins talking About Music (S). 9.05 In Touch. 9.30 aleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Living Night. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music On The Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

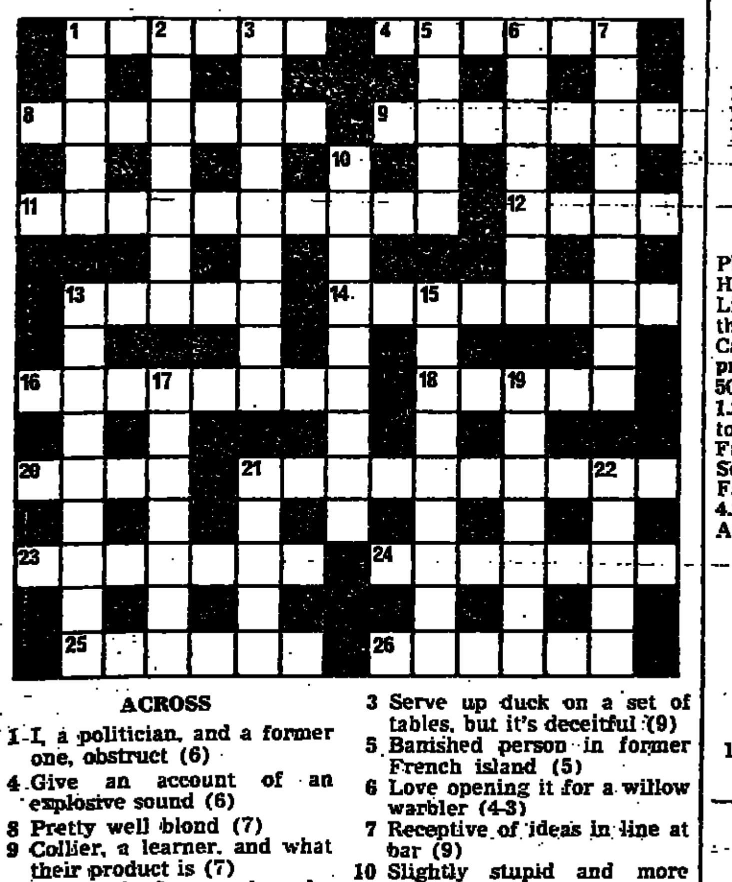
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 LBC Special. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne (rock music). 10.30 The Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,619



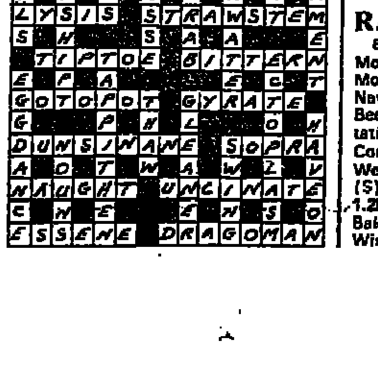
ACROSS

1 I, a politician, and a former one, obstruct (6)
4 Give an account of an explosive sound (6)
8 Pretty well blond (7)
9 Collier, a learner, and what their product is (7)
11 Type of flower that by definition is single (4-6)
12 A ringing sound from a sea-surgeon (4)
13 Only about five to find an answer (5)
14 Try underground to make a glass vessel (4-4)
16 Fail to find the same colour and fail to see the game we hear (8)
18 The Spanish dined to make exultant (5)
20 Article airmen return from a distance (4)
21 Remove the pressure from some French dressing (10)
23 Evil-doer is sick in vain (7)
24 Conservative concealed and rebuked (7)
25 Stagger a rubbish collector (6)
26 Add a very soft finish (6)

DOWN

1 I'm taking time for reflection (5)
2 Favouring one party, but it's fragmentary (7)
3 Serve up duck on a set of tables, but it's deceitful (9)
5 Banished person in former French island (5)
6 Love opening it for a willow warbler (4-3)
7 Receptive of ideas in line at bar (9)
10 Slightly stupid and more than one should be expected to tolerate (1, 3, 5)
13 Niggardly person is to strip a mineral (9)
15 Cooks joint in vessel (9)
17 Place of sale leased from a bird (7)
19 Shorten a structure spanning a river (7)
21 Energy needed to control a vehicle (5)
22 Give odds on finish (5)

Solution to Puzzle No. 4,618



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THE ARTS

London Galleries

Of War and Peace

by WILLIAM PACKER

The high summer, if you know what I mean, is always an interesting and busy time for our major public galleries, who wish to take advantage of the tourist traffic, but not necessarily for the private sector, for the call of the warm south is ever strong. But 1981 is an unusual year, and this is as busy a July as I can remember.

This is, as good a time as any to prowl and prowl around the galleries which are full of good things of all kinds. Some are rather more equal than others, and perhaps the outstanding show of the moment is at Fischer Fine Art, where Michael Sandle is showing his recent drawings and bronzes (throughout August). He is clearly one of the most accomplished as well as one of the most original and independent artists of his generation: the work is extremely beautiful in its execution, powerful in its imagery, but "extraordinary" remains the most comprehensive epithet. For all that, and Sandle has made no particular secret of his qualities, his is still a cult rather than a generally established reputation.

The explanation is simple enough: Sandle, now in his middle forties, has spent the last decade or so working abroad, first in Canada for a short time, and then West Germany, where he is now professor at the Akademie der Bildenden Kunst in Karlsruhe. And times have changed: whereas ten years ago his work seemed to fly in the face of what was thought to be an inevitable progress, impressive in itself all right, but wilfully eccentric, not only the fact of its figuration, but in the scope of its moral and symbolic ambition, today it is not so much that it has grown easier to take, but that *we are more prepared to* take it, or to respect it for what it is in its own terms.

Gigantic Memorials have appeared at the Hayward from time to time in mixed company, and shows of drawings at the much missed Felicity Samuels Gallery, enough certainly to secure his standing within the British Art World, but we have never seen it in such quantity as this. Though here the sculpture is small, domestic in scale if not in subject, this is the first proper showing it has had in London, on its own, and so deserves the widest notice.

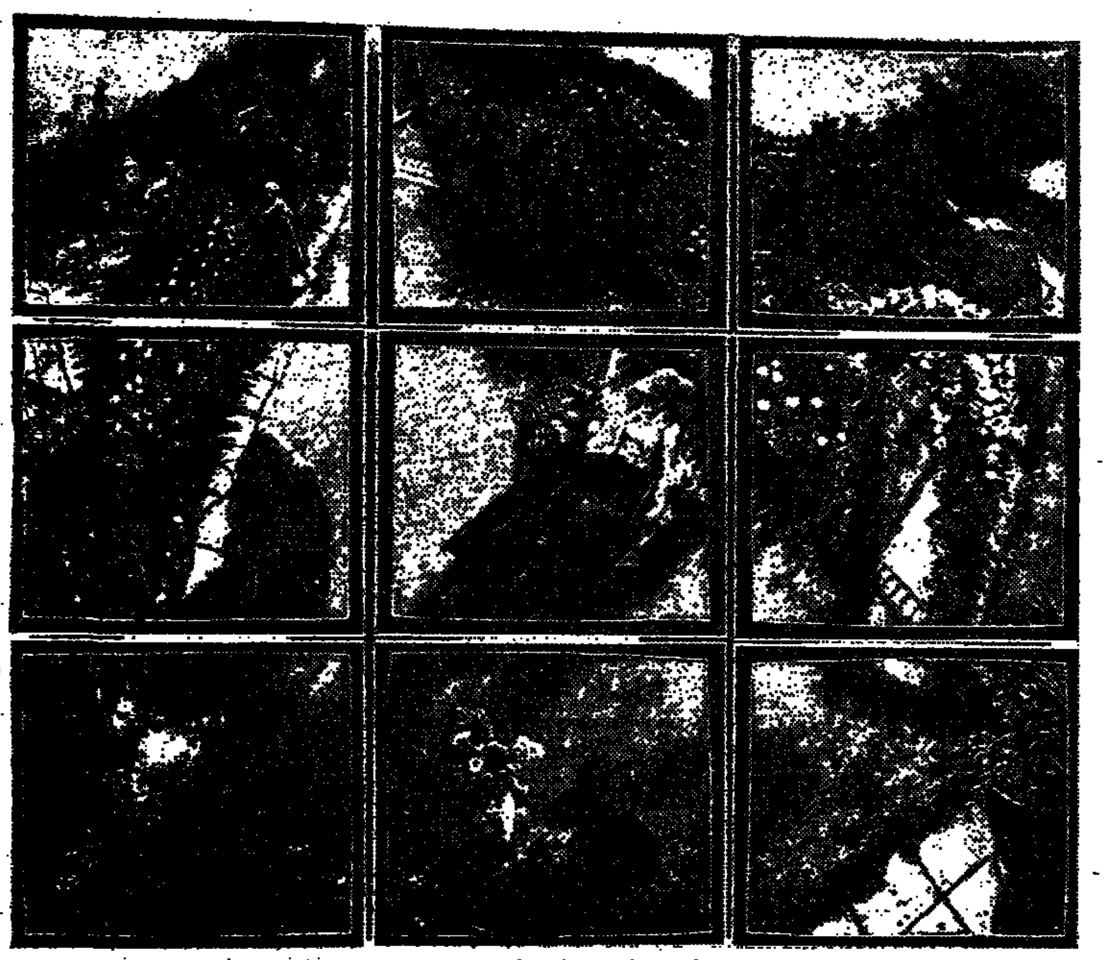
Sandle takes as his subject-matter the material and detritus of war, and the idea of war, heroic, mythic or desolate, as it is variously registered in public or private symbol: war memorial, obelisk, tomb, catafalque, grave. In his drawings and sculptures, the very machinery of war is transformed into memorials to itself—the submarine in its pen as it were a true ship burial, an ancient trophy, or the Lancaster Bomber swinging on its pivot for us to sight along its fusalage, range-finding, *bomb*-aiming or whatever. But the imagery may be more personal, too, guns, helmets, jerry cans, an officer's cap at the grave's foot.

A while ago the mood was angrier, obviously and bitterly satirical, with Mickey Mouse, horrifically transformed into a bronze monster squatting behind his machine gun; and a little of that still hangs in the air. But in general the mood is now more ambiguous, impersonal, impartial, universal, the subject now rather Owen's "The Pity of War" and more than that, Death itself, and the passage to the other, nether world. These shrouded forms, set about with their arbitrary and ambiguous attributes and devices, float in their pools of light as on a raft, King Arthur passing over to Avalon in his magic boat.

Anthony Green, whose latest paintings are at the Rowan Gallery (until August 7), is as idiosyncratic an artists as Sandle, and at heart as serious, but by no means so morbid in his preoccupations. His subject is Life itself, his Life to be more *precise*, and the related joys of marriage and domesticity, and he is entirely and gleefully autobiographical, often unabashedly intimate, in his information and description, whether of particular incident and circumstance, or of personal fantasy. Here, for example, he deals with his boyhood memories of holidays spent with the French side of the family just after the War, and of VE Day with the family at home; and with more recent memories, his wife on holiday, fast asleep and stark naked, and the bucolic pleasures of his cottage garden in Cambridgeshire.

At first sight, all is detail, everything minutely observed and lovingly, obsessively recorded, from the green lino on the kitchen floor, and the pattern on his mother's scarf, to the fly buzzing around his rabbit's ears. But the disarming openness, naturalness and simplicity of his vision, entertaining though it undoubtedly is, belie his sophistication as an artist. For though his work is so full of incident and anecdote, nothing gets out of hand or fails to hold its due place in the larger design. His formal invention, and technical command, of surface, pattern, texture, and extreme and distorted perspective, and outrageous asymmetry, are as astonishing as they are delightful.

The sad news is that Green's is to be the last exhibition at the Rowan's present premises in Bruton Place. The lease is up, I understand, and one of the finest showing places in London is lost to Art. The Rowan itself is sure to continue, I know, but this is perhaps the moment to say how much it will be missed in its present form, and place. The Gallery has been a major force in the field of contemporary British Art for 20 years, not simply through the work it has put before the public, but through its enthusiastic and generous participation in the activities of the Art World at large, a focus and example for us all. And I shall not be alone in mourning those select tête à tête over lunch in the inner sanctum.



Picture of our garden, by Anthony Green.

Globe

Alec McCowen

Alec McCowen has returned with his bravura performance of St Mark's Gospel, to the Globe for the next four weeks with appearances on Sundays but not Mondays.

On a stage decked only with a table and three chairs he recites the King James version of St Mark. Recites however is hardly the word. The effect must be similar to the impact of Homer declaiming the Odyssey and Chaucer his Canterbury Tales. Alec McCowen does not dramatise the work with a range of voices and affected gestures but interprets it as an unfolding story, a saga.

The result is that this, the shortest and the oldest of the Gospels, comes across with a meaning quite beyond the words read on the printed page or an interpretation from the pulpit.

After seeing McCowen it is impossible to *doubt that some*thing happened around Jerusalem almost 2,000 years ago and that here we have an early account passed on by an eye-witness. The incoherent rush, the loose ends, the personal details, the strangeness of it all, are just what you would expect from a hurried memoir. This is no cleverly thought-out propaganda but a perplexing story.

McCowen manages to avoid "acting." Instead, he gives a reading with an uncanny ear for the right emphasis, for the flow of the events. It is a marvel not because it shows off the dramatic skills of a professional actor but because it opens up thoughts on the Gospel in a way quite outside the capabilities of a thousand scholars. A must for most people—and especially for theologians.

ANTONY THORNCROFT

Sunday in Cheltenham

by MAX LOPPERT

The city precincts were quiet, the gardens manicured, the breezes warm and placid this weekend. Cheltenham, in the middle of the 1981 Festival, seems as it always does; the rest of Britain might have been a distant planet. The festival programme is *somewhat* enriched. In the big Arts Council redistribution last year, Cheltenham (whose programme director John Manduell sits on the Arts Council music panel) was an important beneficiary. While other British music festivals have cut their number of orchestral concerts to a minimum, four orchestras have been invited to Cheltenham this year. Opera by the Welsh National, ballet by the Northern Ballet Theatre, and six first performances add a note of comparative luxus to the deprived music-festival scene of 1981. Despite this, the full festival schedule is no more stimulating than it ever was, but the time-honoured master classes and morning chamber music series, at least, retain their loyal audiences.

On Sunday evening in the Town Hall, the City of London Sinfonia under Richard Hickox gave a programme of Beethoven, Berkeley (the restrained, immaculately crafted *Antiphon* for string orchestra), Strauss, and a new composition, opus 142, by Elisabeth Lutyens, offered as a salute to her 75th birthday. The acoustics of the hall are one of the unchanging Cheltenham features—textures are swamped and inner parts confused quite as much as ever. What we heard of *Dialogo*, a short concert aria for a soprano of Queen of Night range and chamber orchestra, was surely no more than a vague blur. Lutyens has returned to Salvatore Quasimodo, the poet from whom she took the text for her marvellous *And Suddenly It's Evening*; and to the soprano voice for which she wrote with such crystalline elegance in the Rimbaud cantata, *O saisons, o châteaux!*. The poem of *Dialogo* is magnificent — a brutally pointed description of art, and a modern Orpheus, in a war-torn age.

Yet the effect of the performance was less than it promised to be. Much of the voice part, in the bellicose outer pages of the score, was inaudible — was it a mistake to weight so relatively percussion-heavy a complement of instruments against so fragile a type of soprano voice (especially in its lowest register, employed as frequently as its Es and F *in altissimo*), or was the fault simply the hall's? Even in score, the voice writing shows apparently less than the characteristic Lutyens blend of gnomic economy and intensely concentrated lyrical feeling. (It shows, too, more than one mis-stressing of the Italian language, to which the sweet-toned soloist Deborah Cook added a few of her own inventing.) The control of dramatic tension seemed haphazard. "Seemed" must be the keyword; Lutyens has asserted her mastery of vocal-instrumental combination too often in the past not to be granted the benefit of the doubt in this case. A word for Maurice Bourgue's ravishing playing of the Strauss Oboe Concerto earlier in the evening, given against an orchestral background hardly less vague and swimmy than the Lutyens foreground.

Sunday morning brought to the Pitville Pump Room three of Cheltenham's favourite chamber musicians, György Pauk, Nobuko Imai, and Ralph Kirshbaum (their regular pianist, Peter Frankl, reserved for duty later in the week), for a typically substantial and satisfying recital. In the opening and closing works — great Mozart both, the G major violin-viola duo and the string trio Divertimento in E flat — Mr Pauk's violin faltered with unusual persistence, flecking what should have been pure and shapely accounts of the music. But in 15 Bartok violin duos, which he and Miss Imai gave on violin and viola, rightness of intonation and an enthralling justness of interpretative command spoke equally in almost every bar.

Covent Garden

Quartets

by DOMINIC GILL

The three-week long Mozart Festival with which Covent Garden is ending its current season, and which opened last week with Peter Wood's new *Don Giovanni*, continued on Sunday with the first of three recitals by the Amadeus Quartet, who, with various guests, will be playing programmes of Mozart quartets and quintets every Sunday for the next two weeks.

The first guest was William Glock, with whom the Amadeus gave both piano quartets. The choice was no doubt a gesture of characteristically vague and bonhomous generosity. Nevertheless, it was odd. In his many capacities before his recent retirement, and most especially for his long and hugely influential reign as the BBC's Controller of Music, Sir William has been, and continues to be, one of the best-loved and most warmly admired figures in post-war British music. He was in his youth, but has not really been for many years, a professional concert pianist. Quite simply, in two plain words, it shows.

What criteria to choose? Judged by the highest standards (which the context of the evening really demands), Glock's role in almost every page of the two piano quartets was to blunt the edge of the performances—there was no luminous quality, no quicksilver vein, no truly close focus, or sustained or detailed argument, to his playing. Full marks, to be sure, for real and perceptible, intensely musical intentions. There were, however, at least three pianists present in the audience, any one of whom could have made Mozart's two great piano quartets sound not merely decent but a powerful delight: why one of them was not on the platform I was not exactly sure.

The evening's centrepiece, framed by the piano quartets, was the last of Mozart's "Haydn" string quartets, K465 in C. A rather beautiful account, never perfectly settled—in the marvellous andante one sensed even a few passing moments of strain, of diverging direction—but never routine, which rose decisively above the oppressive humidity and heat of the house, and with its finale, quick and keen, tied a decisive knot.

New York dancing

by CLEMENT CRISP

Ballet in New York inevitably means the city's titular company, but there is a constant traffic of other major ensembles, and it would be a wise man who could number all the smaller troupes, the recitalists and dedicated experimenters who labour in lofts and studios. On a recent visit I found much to admire in the activities of New York City Ballet as part of the Chaikovsky Festival at the State Theatre; yet at the same time American Ballet Theatre was playing a season in the adjacent Metropolitan Opera House, with the Royal Ballet waiting in the wings for its first New York season in five years, and Nederlands Dans Theater and the Ballet of La Scala Milan, with Nureyev, scheduled to follow.

Under Mikhail Baryshnikov's direction, ABT is a company very aware of its classical base, as I noted last month, even if this base is now being shifted in the general direction of Leningrad — no bad thing. The company was dancing with a freshness and an attack which made its successor on the Met stage, the Royal Ballet, look ingratiatingly demure at its opening performance. I watched ABT zip through *Don Quixote* in Baryshnikov's production: like every recent version, this tries to make something faintly rational from the Petipa/Gorsky circus act that has been on the rampage for years. The task is impossible. The only way to deal with this nonsense is as the Bolshoy does: accept its fatuities and dance it for far more than it is worth. Maximova and Vasiliev proved the validity of this approach; so did Plisetskaya in an unforgettable interpretation that was a thunderbolt of charm, sauciness and transcendental technique. Baryshnikov juggles with the action, provides clever cinematic devices to seek order in dramatic chaos, but cannot disguise the irremediable damn-silliness of the piece.

His cast dance all-out, and Baryshnikov himself unleashes some eye-dizzying tricks which enliven his joyous portrait of the demon barber of Barcelona. The production suffered from *mayhem* wrought upon its score by an "arrangement" — there is need for a Society for the Prevention of cruelty to Minkus—and from the absence of a Kitri. On this occasion Gelsey Kirkland, so gifted and so wilful in manner, gave an interpretation which seemed to slide in and out of focus. Moments were enchanting, the role most prettily played; elsewhere the credibility of the character was eroded by the feeling that Miss Kirkland had withdrawn spiritually if not physically from the proceedings.

No such cloudines in any of the NYCB performances, where a full-toned dynamic, speed, brilliance and rigour of execution make the dance crackle with life, though without distorting the canons of academism as propounded by Balanchine. It was stimulating to watch Merrill Ashley convince us of her right to dance *Swan Lake* by the vivid lines of her dance and her generosity of manner. Diamond-cut, emotionally pure, she suggested that Siegfried has in his arms a swan-princess from legendary, un-guessed lands—one of Gautier's heroines in the *grande bataille blanche*. Very exciting dancing also came from Darci Kistler, only 17 years old, and moving with a controlled impetuosity, the springs of youthful energy and delight bubbling just below the assured surface of her style.

She appeared in Peter Martin's realisation of the last three movements of Chaikovsky's first symphony, not over-sympathetic to the "winter day-dreams" that are the music's sub-title, but well-made, for Martins has absorbed the innate disciplines that are the sub-structure of the Balanchine manner. So has Joseph Duell, a young dancer with NYCB, whose *Introduction and Fugue* from Chaikovsky's first orchestral suite I thought promising both in workmanship and in emotional response to the score. The *Introduction* is haunted music, and Duell showed spectral, mist-clothed girls whirling round the high-Romantic figure of Adam Luders, who was the embodiment of such ghost-beset heroes as Albrecht in *Giselle* or Junker Ove in *A Folk-Tale*. For the academic proprieties of the *Fugue* Duell marshals a large cast to interpret each fugal entry. He understands the music's logic, and contrives to unite his two disparate sections by showing Luders as a figure who has passed through the mists to arrive at some greater understanding.

Of the other creators for the Chaikovsky Festival, Jerome Robbins made a pas de deux for Darci Kistler and Ib Anderson, to the adagio of the first piano concerto, which was universally admired. His *Piano Pieces* was a sequence of unrelated dances for an ensemble and a group of soloists, very bright and fresh, which provided a great deal of what I felt was slightly calculated charm as number succeeded winning number, much to the audience's delight. John Taras's major contribution was the *Souvenir de Florence*, an all-white Russian response to a score which, despite its title, is nearer the steppes than the Arno. The writing adapts folk-idiom cleverly into the classic manner, and in the lyrical second movement Taras produces a Chekhovian drama for three couples caught up in undefined but poignant emotions.

At every moment during the Festival and after, magnificent dancing. As a long season came to its close, schedules were disintegrating as injury took toll of principal dancers, but nothing could detract from the sense of purpose that marked the programming, or from the high standards of interpretation. The wealth of NYCB is its new generation of leading artists is exceptional: Maria Calegari, with her radiant line; the lustrously beautiful Stephanie Saland and Lourdes Lopez, who take every role with easy grace; Sean Lavery, a jeune premier of dashing technique and poetic sensibilities, so impressive in *Souvenir de Florence* and *Suite No. 3*—where he moves among the girls with their unbound hair and unshod feet (can these be Balanchine dancers?) a lover pursuing an ideal. Balanchinian feeling, so potent, so subtly stated, was never so piercing as in the end of *Le Baiser de la Fée* where fate ordains that Patricia MacBride and Helgi Tomasson shall not meet, but blindly pass between the lines of the corps de ballet; in the *andante elegiaco* from *Diamonds* Merrill Ashley was the incarnation of the Maryinsky-ballerina-as-doomed-heroine, a performance of ringing grandeur and at the opposite emotional pole, Kyra Nichols a sunburst, radiant in her command of the dance, in *Theme and Variations*: here was an Aurora of the stature so needed by the Royal Ballet's *Sleeping Beauty*, youthful, ecstatic, noble.

NYCB has never seemed richer in dancers, or in repertory and in everything the loving response to dance and music transcends the actuality of the company's achievement, to suggest an even greater integrity and dedication to the continuing life of ballet itself.

Sean Lavery in "Souvenir de Florence"

British Museum buys English silver apostle spoons

The British Museum, with the aid of the National Heritage Memorial Fund, has purchased one of the earliest and finest sets of English silver apostle spoons. The set, consisting of 12 apostles and the Virgin Mary, was made in London in 1536-37 by a maker whose mark has not been recorded on any other pieces.

The spoons were heirlooms in a Wiltshire family for several generations until 1903 when they were bought by William Waldorf Astor. They were sold for his grandson, the present Lord Astor of Hever, at Christie's on June 24.

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Misjudgment in North Sea

THE Government's decision to revive its plans to sell a large stake in the British National Oil Corporation to the public may seem oddly timed. The oil market is in glut, and the price of oil shares has fallen heavily. The nail-biting over the launch of the BP rights issue is enough to illustrate the risks involved, and the opportunity which has been missed: but this is still a case of better late than never It is high time to introduce a little common sense into the exploitation of our North Sea assets.

Exploration

The muddled thinking which has led to the present unsatisfactory situation is discussed by Professor Colin Robinson in the current issue of the Lloyd's Bank Review. It is a fairly ordinary story of everyday oilfields, and reflects no special *national disgrace, but it is still* a story of muddled thinking and lost opportunities. In the first speculative phase, the rules were set strongly in favour of the oil companies, in order to encourage exploration.

When the exploration proved successful, policy changed abruptly, as it usually does, and since then a series of increasingly onerous taxes has been introduced in an effort to capture the supposed economic rent from the oilfields for the national good. At the same time BNOC has been given a special status among producers, developing some fields and sharing the output, but not the risks of the rest.

The result of this series of makeshift moves has been rather disappointing in terms of government revenue, since the taxes include large loopholes to encourage further investment, but it has produced uncertainty and discouragement in the industry, which is nevertheless unable to agree on a tax structure which would be more to its liking.

Meanwhile successive governments have talked about depletion policy, but very little has been done except to discourage gas flaring (rightly), and to delay the development of the BNOC's Clyde field on the quite irrelevant grounds that since the BNOC is nationalised, its capital requirements add to the PSBR.

Finally, in the gas fields, discovered earlier, there has been a totally different approach. The "rent" has been collected by the nationalised gas industry, using its power as monopoly buyer to set the price. The benefits to the consumer or the taxpayer do not seem adequate, but exploration has been discouraged.

There are several strains of muddled thinking involved in this history. One, discussed at length in the review, is the idea that because there is a strong national interest involved, Government intervention is necessary to secure it. Thus the pace of exploration is controlled by administrative decree, and the pace of extraction controlled in theory, if not in practice, on the basis that governments will take a longer as well as a more "national" view. There is no reason to suppose that governments, facing re-election, have longer time-horizons than large corporations, and still less that they have better judgment of the technical factors. There is no reason, in short, to suppose that officials will devise a better production programme than the industry would without official guidance.

There remains the question of the division of the spoils. Here the basic confusion has been the concept of "rent." The oilfields are not a source of perpetual surplus, like urban land, but a limited stock of national capital. The distinction is particularly important when it comes to the formation of government policy the official instinct is to treat "rent" as part of the general flow of revenue, but to earmark capital for investment, or the reduction of the national debt —which frees resources for private investment. In this sense, there is very little to show for the revenue which has been collected.

Royalty

It is too late to re-write history, though in future exploration licences could be auctioned, as the review strongly urges. This would necessitate freedom from arbitrary taxes on future fields to be replaced perhaps by a substantial known royalty, with no offsets for investment, as is the practice in Canada.

Both to ensure that any future auction is fully competitive, to recover some capital, and to reduce the temptation to arbitrary intervention, it is desirable that BNOC should be *transformed into something* much more like an ordinary oil company. It is in this context that the new plans are at any rate a small step in the right direction. It would be encouraging to hear that further steps are contemplated.

Italy's halting steps forward

THE DRAMA played out on the Italian bourses, painful though it has been for many participants, at bottom is no more than a drama: something played out on a stage with tenuous ties with the real industrial world.

The market is narrow in the extreme; rules governing disclosure rudimentary; regulation altogether weak. Inevitably that makes for a volatile mixture, especially in a country where love of bargaining for its own sake and a willingness to cut corners are part of the national traditions. Add to that a bull market that had doubled share prices in 1980 and added another 68 per cent by May and you had a situation ripe for profit taking—and a nose dive.

But in the final analysis not even the most exotic of bourses operates in a vocuum. Paradoxically, the debacle in Milan, which continued when the market re-opened yesterday, has some causes behind it that are by no means regrettable. But it will take time for the positive factors to take effect.

Consob, the regulatory authority, has been accused of handling the situation clumsily. Suspending dealings and tightening margin requirements may indeed make dealings less hectic for a while but they cannot by themselves reverse market forces—especially in a country where there is no ban against dealings bypassing the bourse.

Yet Consob, which has recently been reorganised, could prove to be one of the more positive actors on the stage. Its head, Prof. Guido Rossi, is pressing for a greater degree of disclosure to be demanded from listed companies. Some prosecutions have been started against companies that infringed the lax rules already in existence.

Prof. Rossi wants to place the market on a wider base in order to reduce its inherent volatility. That means a greater number of listed companies than the present 160 or so. It also requires a wider spread of ownership of the shares of those companies which already are listed. Many are in practice almost *fully controlled by a few share*holders.

These are long-term objectives, but they converge with trends that have been developing in Italian industry and its financing. High interest rates have persuaded many concerns to depart from their established tradition of relying largely on bank finance, and to look to equity capital instead. That is a step calculated to improve the soundnes of the companies concerned. On the other hand it has also engendered plans for rights issues, some of which have contributed to the collapse of Italian share prices since May—a collapse which, incidentally, should not be overstated since prices still are above the level of January.

The state, too, has been looking around for private investors to take some of its share stakes off its hands. Two of its holding companies, ENI and IRI, have sold to a group of private industrialists a 16 per cent holding in Montedison, the chemicals company.

Wage indexing

None of this will do much for companies, the stock market, or for Italy unless the economy is put right. The OECD forecasts are gloomy: no recovery before late 1982, an inflation rate this year of 19 per cent and a current deficit much like last year's $10bn. Rome intends to limit Government borrowing this year to L37,500bn (about £15.4bn), but by May was overshooting by 30 per cent.

The Government of Sig Giovanni Spadolini intends to attack the budget deficit from both sides. It is committed to continuing the overdue progress that has already been made towards reducing tax evasion.

Even the *scala mobile*, the much-abused system of wage indexing, may not escape. The employers have made proposals for moderating its impact, and have found some sympathy in the Christian and Socialist unions. The Communist CGIL, largest union federation in the country, with no reason to assist Sig Spadolini, is less co-operative. The Prime Minister, whose freshness of approach is undoubted, will also have to demonstrate staying power *if* Italy is to get out of the mire.

POLAND'S CRUCIAL CONGRESS

Search for a future that works

By Christopher Bobinski in Warsaw and Anthony Robinson in London

NO Communist party congress has provoked more interest or been less predictable in its outcome than the ninth, extra-ordinary congress of the Polish United Workers (Communist) party which opens in Warsaw's Stalinist-gothic Palace of Culture today.

The very fact that the Congress is taking place is in itself a source of wonderment to many. The three preceding months of heated debate, the unprecedented election of delegates by secret ballot and the grim struggle of party hardliners to keep their jobs have been accompanied by repeated warnings and strong psychological pressure from Poland's Warsaw Pact allies.

Behind it all has been the implicit threat of Soviet military intervention and the knowledge that the Soviet invasion of Czechoslovakia in 1968 took place just nine days before a planned party congress aimed at legitimising similar reforms.

The keyword at this congress is "Odnowa"—renewal. But the Congress will not be a happy climax to the confusing period of change and adaptation suffered by the party as it sought, belatedly, so come to terms with the crisis sparked off by a working class revolt against inefficient, corrupt and hypocritical party rule.

For the Polish crisis, in all its aspects, has deepened over the last 12 months.

Nowhere is this more apparent than in the progressive collapse of the Polish economy as first strikes, then the introduction of the five-day week and finally the exhaustion of hard currency reserves combined to deal a series of hammer blows at an economy already weakened and distorted by a decade of foreign-financed, but ill-conceived investments.

Despite over $4bn in loans and above quota deliveries of oil, gas and other vital necessities from the Soviet Union and the re-scheduling of $2.6bn worth of western governmental credits due this year, industrial production has fallen by 14 per cent, exports of coal and other products have plummeted and acute shortages have lengthened queues and caused over 20 per cent of industrial plant to remain idle.

Worried foreign bankers look to this congress to provide Poland's rulers with a new moral authority and ability to push through economic reforms which would allow Poland to start repaying its $27bn foreign debt by 1986.

They will be assessing the results of the Congress when they met in Zurich next week to discuss, yet again, the request for a re-scheduling of the $3.1bn of Polish debt to the banks which falls due this year.

This week's Congress, scheduled to last until Friday but likely to extend over the weekend as well, takes place against the background of this deteriorating economic situation. Its explosive potential could still lead to civil strife on a scale beyond the resources of the renovated party to control.

Come what may, the men

Soviet criticism of Mr Stanislaw Kania (right), the Polish Communist party leader, has raised his popularity. His confirmation as Party first secretary is expected today at the opening session of the Party Congress in Warsaw's Palace of Culture. He will need all the power of his office to control events as newly elected delegates press for the punishment of those responsible for past mistakes and guarantees of radical reforms in the future.

elected to run the party after this congress know that the "guiding role" claimed by the party will have to be played with caution. It will have to take into account the other centres of power—principally the independent farmers and industrial unions and the Catholic church under its new, and as yet untried Primate, Archbishop Jozef Glemp.

Despite the fact that the party itself has undergone a revolution over the last nine months, it has still made little

Background of a deteriorating economic situation

headway in establishing its credibility with the nation at large.

A recent opinion poll, itself a major novelty in a Communist-controlled country, showed that a mere 12 per cent of Poles see the party as an institution worthy of trust. In a list of some 10 institutions, including Solidarity, the Polish Catholic Church came first—and the Polish Communist Party came last.

Apologists for the party, including the Soviet leadership, would put this down to the "distortions of socialist legality and practice" over the last decade. But the appalling mismanagement, corruption and abuse of power in recent years is only part of the reason. The fact is that communism has always been a minority religion in Poland.

Nevertheless, 35 years of Communist rule and the social conscience of the most catholic country in Europe appear to have combined to produce a widespread, if vague, attachment to the ideals of social and economic justice embraced by the general term "socialism."

That is why the search for a form of "Socialism in the colours of Poland" is not a totally lost cause even though only one third of those interviewed by the pollsters expect "changes for the better" while 50 per cent sceptically expressed the belief that the congress would change nothing.

Most of the population will watching the Congress to see the leadership changes it will bring in its train, and that is also expected to be a main preoccupation of the delegates themselves. This is where the major uncertainty of the Congress lies. Over 90 per cent of the delegates elected by party organisations in the nation's educational establishments, big factories, *armed forces* and party and government apparatus will be taking part in a party congress for the first time.

This alone will make for a radical departure from the traditional Soviet-style ritual which has accompanied all previous congresses—not only in Poland but throughout the Soviet bloc, and indeed to a considerable degree at the congresses of non-ruling communist parties in western Europe as well. The delegates at this Congress are real delegates responsible to a real party electorate who voted for them in secret elections on a multi-list ticket.

This has already brought many surprises. In the secrecy of the party polling booth party members have not respected the traditional schema whereby a fixed proportion of workers, peasants, artists and intellectuals are carefully selected beforehand in the smoke-filled rooms of party cabals.

During the provincial elections at Suwalki in North Eastern Poland, for example, there was no criticism of the local party authorities at all during the election debates. But when it came to the secret vote the local party leadership was voted out to a man.

Closer examination of the pre-congress election results, however indicates that by a mutual cancelling out process both hard liners and radicals have fared badly. The average delegate could well turn out less vocal and more swayed by arguments for moderation than many a reformist hoped or hard-liner feared. Nevertheless the procedure at this congress should be very different from in the past.

Gone are both the pre-prepared and censored speeches and the regulated applause whose exact timing is fixed in advance.

Nobody really knows which delegate is going to pop up from the floor and demand to be heard. Nothing is going to stop delegates getting together in the lobbies to form alliances and fix tactics as the Congress proceeds. What is more many of the delegates know each other much better than the central party apparatus does.

The apparatchiks used to fix the congress in the past. But this has been circumvented over the past few months by the so-called "horizontal structures," formal and informal meetings of newly elected delegates from the 49 provinces of Poland.

Given a free choice, rank and file party members throughout Poland's factories and institutions have opted for men they

Only 20 per cent of delegates are manual workers

can trust to put their views clearly and forcefully. The result is a congress dominated by white collar workers. They make up 61 per cent of the delegates.

Much to the chagrin of the Soviet leadership, only 20 per cent of the delegates are blue collar workers from the shop floor.

The remaining delegates include the statutory 125 military men, plus 34 policemen, 190 farm workers, of whom nearly half are private farmers, together with a handful of pensioners, and one solitary artisan.

Roughly 20 per cent of the delegates are also members of Solidarity. But only 100 women have been elected.

Yet what is perhaps the most single striking feature of this congress is the age factor. The overwhelming majority of delegates are in the 30 to mid-40 age group.

Thanks mainly to the herculean efforts of Mr Stanislaw Kania, the party secretary, roughly a quarter of the delegates come from the party "apparat," including hard liners like Mr Stefan Olszowski and Mr Tadeusz Grabski.

But many of the "apparat" men are themselves new men, party radicals who replaced those sacked for corruption or abuse of power over the past 12 months.

Only 23 per cent of the Central Committee members elected at the last "normal" congress in February 1980 have been re-elected as delegates at this congress—and probably less than half of these expect to be re-elected on to the new Central Committee from which the new Politburo will be formed. The party leadership which emerges from this congress is expected to consist of 90 per cent new men.

Barring last minute surprises, always possible under present conditions, Mr Kania himself is expected to be re-elected as first secretary and General Wojciech Jaruzelski confirmed as Prime Minister.

Either by mistake or *Byzantine design*, the Soviet leadership itself greatly boosted Mr Kania's standing in the party and the country by intimating in its famous "Dear Comrades" letter to the Polish Central Committee last month that neither Mr Kania nor the Prime Minister retained the confidence of the Soviet leadership. By a process of reverse logic the rank and file clearly decided that if the Russians don't like the present leadership then they must be doing a good job.

By deft pre-Congress footwork Mr Kania appears to have consolidated his position still further by proposing that the Congress organising committee change the rules so that the new party leader will be chosen at the start of the Congress and not at the end as was previously the case.

This should ease the still extremely difficult task of piloting the Congress through the shoals which lie ahead this week. According to the present timetable only one-and-a-half days have been set aside for the plenary debate, after which the Congress is due to split up into 16 commissions charged with examining in detail the proposed new party statute, the economic reform proposals and all the voluminous documents prepared by the various pre-congressional drafting committees.

The Congress is unlikely to bring any policy breakthrough. It will no doubt approve economic reform proposals which go a long way towards decentralising decision making and the introduction of market mechanisms. But it will still leave key managerial appointments in the hands of the authorities.

Full debate on the question of self-management and worker participation still lies in the future and will be resolved, like so much in Poland over the past year, through a struggle between the authorities and Solidarity.

MEN AND MATTERS

Speaking volumes

Investing in rare books has proved one of the safest hedges against inflation, says Sir William Rees-Mogg, ex-editor of The Times, who has been collecting them for the past 40 years. They have risen in value twice as fast as wages, four times as fast as the cost of living and nearly twice as quickly as gold.

Rees-Mogg is now drawing on his experiences to retail the pleasures and potential profits of book-collecting to investors as editor of a quarterly newsletter launched by London booksellers Pickering and Chatto.

The newsletter will offer advice and information to collectors as well as a selection from P and C's shelves, ranging in price from $100 to $10,000, which the firm guarantees to buy back at cost any time within three years of purchase.

"Rare books are basically a dollar market." Rees-Mogg tells me. "I buy quite a bit in New York and I sell more in dollars than sterling."

Bibliomania struck him as a boy of 11 when he picked up a 1720 edition in Bristol of a book called "Dying Speeches of State Prisoners" for 8s 6d. "I liked history and had the usual gory imagination of that age," he says. "I've still got the book. It's worth about $150 now, so that was a good investment."

Rees-Mogg's other investments in books do not bear out Lord Rothschild's view — recounted recently in The Times—that it would have been better to buy shares in Royal Dutch. "If you are buying at the top end of the market and people know what you are after, you pay the price," he says.

Values are not governed by rarity alone. "There are swings in fashion. You could pick up first editions of Boswell and Adam Smith for about the same price in the 1940s. Today you would pay three times more for Smith.

Pip to the post

Philip "Pip" Greenwell, who retired last October as senior partner in the stockbroking firm W. Greenwell, has been lured back to the City on a part-time basis by John Barkshire's Mercantile House. Greenwell is one of five directors appointed to the Board of the world's largest moneybroker, where he will serve in a non-executive capacity.

Greenwell, who departed the family firm at the relatively tender age of 55, says he remains in formal retirement, and that the Mercantile job does not presage a full-time return to City work — "I really want time to think about what I am going to do," he says, "after being effective boss of a firm, for a long time, I want to have a rest."

That Mercantile should have been successful in disturbing that rest, at least for the odd day or two, reflects family ties dating back to the 1950s, when Greenwell *knew John* Barkshire's father, Robert Barkshire, who was secretary to the Committee of London Clearing Bankers between 1955 and 1970.

Yes, minister

"I'm not really very much in practice," confessed Robert Runcie, Archbishop of Canterbury and the man who will be marrying Prince Charles and Lady Diana Spencer later this month. "I tend to be associated with marriages which are personal or royal." It will, in fact, be the first wedding which Runcie has performed since he succeeded Lord Coggan last year.

Lady Diana's decision not to pledge obedience to her husband was, confided Runcie yesterday, arrived at without much hesitation. But even had the bride decided to include that particular vow, he pointed out, she would have been getting off relatively lightly compared with the demands made upon her counterpart in medieval times.

The rubric then, explained Runcie, called upon the distaff party to be "bonny and buxom in bed and at board." "This has," he noted, "since been refined."

Fly past

The Royal Aero Club, whose 65,000 members are drawn from every form of airborne activity from hang-gliding to balloons, plans to celebrate later this year the jubilee of one of the most important events in Britain's aviation history.

Difficult to imagine in these jet-lagged days the public interest excited in September 1931 by the sight of a British seaplane buzzing along the South Coast at 340 mph to win air-racing's most coveted prize, the Schneider Trophy, outright for this country. Indeed, even then, Chief of the Air Staff Lord Trenchard said he could "see nothing of value in it." And the Government, in the *midst of the Depression*, adamantly refused to subscribe to it.

Yet apart from the public enthusiasm the event generated for aviation, the record-breaking S6B was later developed by designer Reginald Mitchell and Rolls-Royce into the Battle of Britain-winning Spitfire.

Aero Club vice-chairman Fred Marsh tells me that the Schneider anniversary will be celebrated by a 100-mile race for aircraft of all kinds off Ryde, in the Isle of Wight, where Flight Ltd. J. N. Boothman captured the trophy. "Anyone who wants to fly and has a competitor's licence will be welcome," says Marsh. "Any kind of airplane from a Tiger Moth *to an executive jet can take* part."

The Club is hoping to find sponsors willing to provide around £4,500 to stage the race and pay for replicas of the Schneider Trophy, now kept in the Royal Science Museum.

Such a public-spirited gesture would accord with tradition. The last race in 1931 was only made possible by Lady Lucy Houston, jingoistic widow of a shipping magnate, who donated £100,000 while castigating the Labour Government for its meanness. Years later, it was revealed that the Inland Revenue had agreed to drop a tax claim against her husband's estate if she gave the sum to a worthy cause.

Speech defect

An acquaintance tells of attending an old boys' dinner at which an unpopular housemaster gave a spectacularly long and tedious speech which threatened to take the well-oiled company through into the following morning. Bored beyond endurance, a guest pitched a bottle at the housemaster's head—which missed, and instead stunned a blameless gentleman in the next seat. Other guests quickly brought the victim round—only to hear him croak "hit me again—I can still hear his voice."

Observer

David Fishlock, Science Editor, reports on a controversial British military spacecraft

Revealed: Chevaline's £1bn secrets

CHEVALINE, the new £1bn military spacecraft designed to update the Polaris strategic nuclear deterrent, is one of the best-kept secrets of Britain's defence research and development effort.

From its approval as a top priority project in 1975, following several years of research and development, the secret survived through the Labour administrations of Sir Harold Wilson and Mr James Callaghan. It was finally revealed—as a success story—by the Conservative Government of Mrs Margaret Thatcher early last year.

Yet between 1977 and 1980 Britain was spending around £2m a week on the new weapon system. Some 50 companies and four defence research centres were involved, in a project one senior defence scientist has described as "fearsomely complicated."

In fact, it seems likely that very few Cabinet ministers were ever privy to the secret of Chevaline. The first brief disclosure to Parliament in January 1980 coincided with the first debate by MPs on nuclear weapons for 15 years. Yet leading figures of the previous Labour administration with well-aired views on nuclear weapons, among them Mr Michael Foot and Mr Tony Benn, were conspicuously absent from the debate.

The debate drew nothing more from the Government than was contained in its formal statement on Chevaline: "a very major and complex development of the missile front end, involving also changes to the fire control system. The result will not be a MIRVed system. But it includes advanced penetration aids and the ability to manoeuvre the payload in space." MIRV means multiple independently targetted re-entry vehicle.

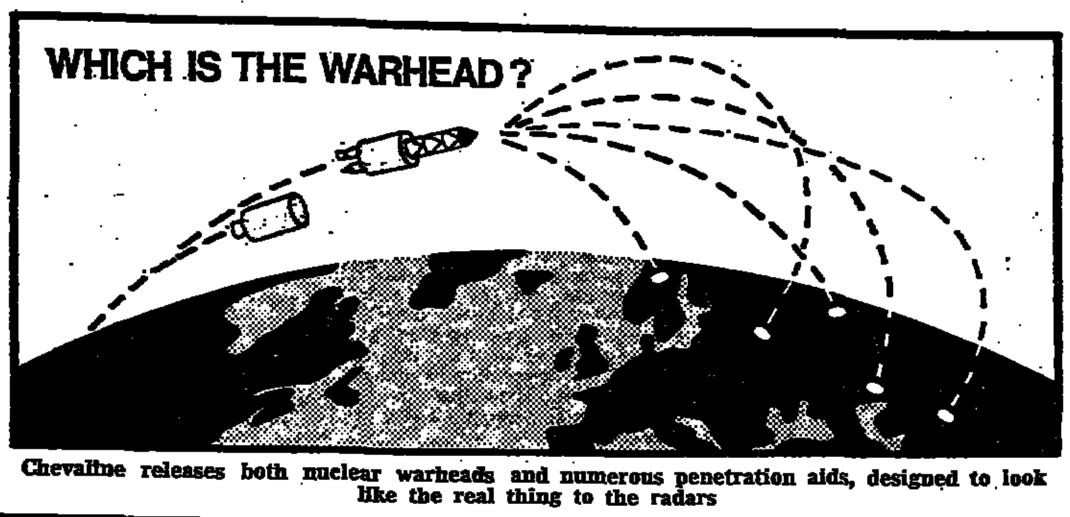
The secrecy—characteristic of all British nuclear weapon projects since 1945—began to rebound on the Thatcher Government this summer when it leaked out that the most recent trials of Chevaline at Cape Canaveral had not been a complete success. It led to speculation that the in-service date for Chevaline, scheduled for this summer, had slipped by several years.

There was also speculation that costs had once again run amok on a major defence project. Fuel was added to this fire by none less than the Defence Secretary himself, Mr John Nott, who was quoted last week as saying that Chevaline's costs had "gone bananas." The Public Accounts Committee announced that it would be scrutinising the project during the next session of Parliament.

Not least of the Government's present worries has been the accompanying criticism of the competence of the Atomic Weapons Research Establishment, Aldermaston, one of the defence research centres involved in the project.

The story of Chevaline goes back nearly 20 years, to the early 1960s when Britain signed the Polaris Sales Agreement with the U.S. to procure a new strategic nuclear deterrent. The Polaris A-3 missile Britain was buying from Lockheed Space and Missiles carried three nuclear warheads in its front end.

This was a multiple re-entry vehicle (MRV) system, the warheads for which were developed at Aldermaston. (U.S. law forbids the export of nuclear weapons.) The three warheads are launched as a cluster on the same target trajectory, but re-enter the atmosphere separately, to fall in a triangle centred on a single target.



Chevaline releases both nuclear warheads and numerous penetration aids, designed to look like the real thing to the radars

The Polaris A-3 was first deployed by the U.S. in 1964 and by Britain in 1968. But by then it was already recognised to be highly vulnerable to potential improvements in Soviet anti-ballistic missile (ABM) defences. Their aim was to explode a nuclear weapon in space close enough for the electromagnetic pulse of radiation to knock out the approaching missile. In space the three warheads of Polaris were always clustered close enough to be vulnerable to a single accurate ABM.

Defence scientists came up with two different schemes for overcoming this weakness. One was the MIRV system, where one missile launches several warheads on different trajectories, at the same or at different targets. If the warheads are released early in the flight, before the missile has been picked up by enemy radars, the problems of mounting a satisfactory defence are complicated immensely*.

The alternative scheme was to try to confuse the ABM defence with a mixture of warheads and simulated warheads called penetration aids, which would look and behave just like the real thing to ground surveillance. The idea that these penetration aids would keep an ABM defence "on the hop" was enshrined in some of the anthropomorphic code-names for studies. They included Bambi, Antelope and Super-Antelope in the U.S., and Chevaline in Britain.

Once the U.S. was convinced that MIRV was going to work, in the Poseidon missile, that country abandoned the second line of development. In Britain the Navy was eager to have Poseidon. But there were strong political objections, partly because of the reluctance of the Government to go back so soon for another U.S. missile, partly because of its reluctance to involve Britain with the strategic arms limitation talks (SALT) between the U.S. and USSR, of which MIRV was a crucial component.

From the late-1960s until the mid-1970s meanwhile Chevaline remained a research and development project by Aldermaston. The new Labour Government in 1974 approved the resumption of nuclear weapon tests by Britain, to demonstrate the development of a new miniaturised warhead "hardened" against radiation from nearby nuclear explosions in space. The following year the Government approved Chevaline itself as a top-priority programme. At that stage the Ministry of Defence estimated that Chevaline could be in service in 1979 and would cost about £350m.

But the Government insisted that the Chevaline programme should be run by a new management. Even at that stage it was appreciated that Britain was embarking upon an unusually large and complicated weapon system development, and the programme would have to co-ordinate the efforts of an unusually large number of organisations, some in the U.S.

The Ministry of Defence picked as its project chief Mr Fred East, director of the Royal Armaments Research and Development Establishment, Fort Halstead. Mr East was promoted to deputy-secretary level—working with the chief Polaris executive of the day, Rear-Admiral (now Sir) David Scott—and named chief weapon system engineer for Chevaline. He assembled a small but high-powered project team at the Ministry in London.

From January 1976 when he took up his new post, Mr East spent the first three months reappraising the project. His experience ranged across almost every British nuclear weapon project. But Chevaline was a completely new departure. He recognised that major technical problems had still to be solved.

In March 1976 he reported that from what he then knew, the cost would be about £600m and that Chevaline would not be ready for service until mid-summer 1981. But a further re-appraisal in January 1977 disclosed that the problems would be still more expensive to solve and test. Accordingly, the Ministry of Defence approved the revised estimate of £800m at January 1977 prices. Of the extra £200m, about half was accounted for by escalation and half by a high level of inflation the previous year.

This was the figure to complete development and to equip Britain's four Polaris nuclear submarines with the new weapon system. What, in essence, the programme was attempting to do was to tuck into the space previously occupied by the three nuclear warheads, at the front end of the Polaris missile, a highly sophisticated spacecraft, yet leave part of the original payload intact. This spacecraft had to release both real warheads and a large number of simulated warheads, designed to confuse and saturate by both their agility and by sheer numbers the enemy's ABM defences.

In 1976, Aldermaston was already well down the road in developing a new warhead for Chevaline. This part of the programme has now brought Britain abreast of the latest U.S. developments in warheads for ballistic missiles, a crucial point in connection with Britain's plans to buy Trident for the 1990s and beyond.

Aldermaston was also made responsible for the non-nuclear penetration aids, which must display many of the characteristics of a real warhead. But three more defence research centres were also involved with the development of the complex spacecraft: RARDE, Fort Halstead, from which Mr East had come, the Royal Aircraft Establishment, Farnborough, and the Propellants, Explosives and Rocket Motor Establishment, in propulsion systems for the spacecraft and its payload.

In addition, four industrial companies undertook major roles under the new management. British Aerospace made a major contribution to a trials programme which so far has involved 14 test-firings from Cape Canaveral in Florida. Hunting Engineering, expert in the aerodynamics of nuclear weapons, did the structural design for Chevaline. Sperry developed the spacecraft's computer and navigation equipment, programmed only seconds before launch with details of the trajectory and velocity of each individual item in the payload. Bell Aerospace, a U.S. company, provided liquid fuel propulsion technology.

Under the new management, the companies reported to the appropriate research establishment, or in the case of British Aerospace, directly to the trials director.

It is estimated that for the peak three years of development of Chevaline about 50 companies and some 5,000 people were directly involved. It turned out to be the most complex piece of weapon system engineering ever undertaken in Britain. Yet the first flight trial, in September 1977, was successful and the series of 14 has demonstrated a remarkably high rate of success.

The position today is that the first Polaris boat to be fitted with Chevaline is undergoing modifications at the Coulport naval armament depot in Scotland, following two sea trials last November which were not a complete success. They required further changes to the spacecraft's control system. These trials were to have repeated this month but have been delayed partly by industrial action at Coulport.

Ministry of Defence scientists believe they know why last November's test-firings were less than completely successful. They have simulated some of the troubles in the laboratory. They believe they relate to the changeover from a development to a production environment.

The rescheduled tests will now be done jointly next winter with the Navy's acceptance trials. Present plans are that both Renown and Revenge, now refitting at Rosyth, will be in service with Chevaline during 1982, and all four Polaris boats will be re-equipped by 1984.

As for costs, it is being said confidently within the Defence Ministry that there has been no increase in real costs since the last re-appraisal by the new Chevaline management over four years ago.

How then do we account for Mr Nott's contention that its costs had "gone bananas"? The explanation is that he was referring to the pre-1977 cost estimates when the scientists still did not know how to make such a devilishly complex project work.

*Dr Herbert F. York, Scientific American, November 1973.

Letters to the Editor

Deep seated problem

From Mr S. Lodge.

Sir,—It was predictable that Mrs Thatcher would be given a hard time by her political opponents after the rioting and violence of the last week but in suggesting, as many do, that youth employment is the main cause, whether that is true or not, they are surely wrong in pointing the finger at Mrs Thatcher and her Government as being responsible for such unemployment to any great extent.

Britain is not the only country where unemployment has risen sharply since 1979. Under the last Labour Government it rose also, the underlying reason being our inability to sell our goods, notably vehicles, either abroad or to our own people, and if we had had a Labour Government since 1979 we would almost certainly have had as high a rate of unemployment with, one hopes, increasing productivity, as now: or we would have experienced much greater inflation, been less competitive and would be facing just as high unemployment as a consequence.

If those critics of Mrs Thatcher would consider, when they are buying a foreign product, why they are doing so, they would understand why we have nearly 3m unemployed and why such a situation cannot be put right either quickly or without pain. While her political critics, many of whom were in office while our competitiveness was declining, should be considering what actions of theirs may have contributed to our troubles.

Stanley Lodge,
Red Oaks,
49 Beaucroft Lane,
Wimborne, Dorset.

Stand by your ...s

... White.

... the last General Election ... Tory Party obtained ... hundreds of thousands of ...es and the return of a large ...mber of members because of ... commitments on law and ...der.

...re we now to understand ...m the many statements by ... Home Secretary over the ...t few days that neither ...ore the Election nor in the ... months since, has any ...empt been made to determine ...at new equipment is required ... the police nor to prepare ...ft legislation to re-inforce ...ir authority?

...f this is the case, in view of ... continuing nightly out...eaks of violence in several ...ntres, should not Parliament ...main in session for the ...onths of August and Septem...r? After all, the bobbies on ...e beat in the trouble areas ...e not having a two month ...eak from the attentions of ...etrol bombers, so why should ...ur legislators wish to be ...eated differently?

...tanhope White,
...7 Severn Drive,
...uisborough, Cleveland.

Nationalised industries

From Mr N. Tomalin.

Sir,—Mr Redwood's interesting letter (July 9) does not touch on an aspect of nationalised industries activities which needs to be considered. That is, that the object of the industry, of whatever nature it may be provided it has a monopoly position, is not to serve the people, or, collectively, the state, but to further the interests of directors, management, staff, and labour, employed by such industries.

The attitudes of chairmen and the trade unions concerned illustrate this in their reactions to the Government proposals for the gas industry and Telecom. These attitudes show clearly the desire to protect their own interests above those of the nation as a whole as expressed by Parliament.

Politicians of all colours from Bennites to Thatcherites, and the TUC itself, would do well to consider who now controls, and will in future control, the nationalised industries monopolies—the people, or the management and the specific unions in self-interested alliance.

To put it in a nutshell—we pay their wages and salaries; are they working for us or for themselves?

N. A. Tomalin.
Highfield, Gussage All Saints,
Wimborne, Dorset.

Domestic rates

From the Leader,
Kent County Council.

Sir,—The Conservative Party has for some years been pledged to abolish domestic rates. While in general abhorring any failure to keep Election promises, this is one which I feel deserves reconsideration.

Robin Pauley (July 8) has informed us what the Department of the Environment is planning to put in a promised consultation paper on the alternatives to domestic rates. It is, however, first necessary to grasp the constitutional nettle and ask what sort of local government we want. Should it be truly democratic local government accountable to the local electors? If so, and my own answer is a resounding yes, then the potential for conveying proper accountability must be an important criterion for any local tax. Indeed by sharpening the electoral sanction a truly accountable local tax could improve the prospects for the control of overall local authority expenditure without greater centralisation.

Against this measure rates might appear to be a failure, but this would not be so if domestic rates financed a larger proportion of total local spending and particularly of any proposed increase in spending. Such a situation could be achieved by a combination of a number of measures; the elimination of the anachronistic domestic element, placing a limit on, or even outright abolition of, the business rate, reducing the level of Government grant, etc.

Another important aspect is the contribution to be made by charging for services. This can only be fully realised when local authorities are not expected to abate charges to help relieve poverty. Incomes maintenance is properly a function of central government, preferably by way of a system of negative income tax, and local authorities should be rid of the current burden of administering some 24 different means-tested benefits.

If, at the end of the day, the accumulated wisdom dictates that domestic rates must go, I would agree with Pauley's criticisms of the proffered alternatives of a poll tax or a sales tax. Some form however, of local income-tax, which was favourably viewed by Layfield, must be given full consideration. It has advantages of equity and progressiveness, and although there are practical and political difficulties let us discuss them fully to see if they can be satisfactorily overcome.

The option of replacing domestic rates by an increase in Government grant can only be considered if the answer to the constitutional question that I posed at the outset is negative. In that case local government as we know it is truly dead. One nonsensical aspect of such a situation would be that central government would be repaying itself for the past borrowings of local authorities.

If, however, as I sincerely hope, local accountability is to be preserved, rates have a substantial advantage over the viable alternatives. Even local income-tax, since it would appear to the individual as a single combined payment with national taxation, would blur the relative responsibilities of central and local governments. Rates on the other hand are uniquely the sole prerogative of local government and must therefore have the greater capability of being closely linked with local spending decisions.

(Sir) John Grugeon.
County Hall, Maidstone, Kent.

Aid to the Parties

From Mr N. Baker MP

Sir,—I cannot claim to be overwhelmed by the argument for financial aid from the state to political Parties presented by Malcolm Rutherford in his article about the Hansard Society report (July 3).

There is certainly a case for divorcing the trade unions from politics, their funds from the Labour Party and perhaps (although the position is not quite parallel) company donations from the Conservative or any other political Party. The assumption behind the suggestion of state aid for political Parties — and of course I am aware that the principle has been breached in a relatively minor respect already—is that our political system must be so devised as to ensure the continuance of the present political Parties.

Why this should be the case I fail to see. Surely when a political Party fails to attract, just as a commercial organisation whose product failed to find buyers, there is nothing improper in the principle that the Party should, like an old soldier, fade away? In any democracy worthy of the name, new Parties or groups will rise to take its place.

Further, the principle that political Parties should always be having to struggle for support and funds seems to me to be entirely healthy because it makes them responsive and attentive to the electorate.

It must be in the interest of the tax payer that large sums of money whether from private or public sources are not applied to political campaigns for the running of political Parties. Provided that the media are responsible and their coverage of political matters is even, then there need be no default in coverage of political Parties and their points of view.

If the Conservative Party fails to attract and cannot raise funds as a result, then its day will have gone.

Nicholas Baker.
House of Commons, SW1.

University education

From Mr J. Hutton.

Sir,—Ironically on the day (July 6) when your leader article "Reform of higher education" dealt with the proposed cuts in the provision of University education for the 12 per cent of British students who currently go on, you also included a supplement about Japan. Apparently in that country the numbers enjoying University education have increased from 10.1 per cent in 1950 to 37.4 per cent in 1980. Is the Japanese economic miracle of recent years totally unconnected with the fact that they have been providing higher education, however defined, to a much higher proportion of the post 18 year age group than we have attempted in this country?

It certainly seems odd that in a society such as our own, faced with rising unemployment among the young and sinking economic performance, that we should actually be proposing to cut back on the limited, by international standards, amount of education we currently provide. While our quality is no doubt high the question of *sheer* quantities of numbers of young people experiencing higher education cannot be discounted in looking at the overall economic potential of society as a whole.

John Hutton
(Senior Directing Staff),
The Administrative Staff College,
Greenlands, Henley-on-Thames, Oxfordshire.

Polytechnic courses

From Mr J. Goodlad.

Sir,—The inaccurate supposition of your editorial of July 6 does not reflect the usual objectivity of the Financial Times.

It was stated that "in many instances the polytechnics' courses are similar in content and inferior in quality to their counterparts at Universities. As a result, activities being withdrawn from the university sector are liable to be superior to the same work which is allowed to continue in polytechnics." It is respectfully suggested that polytechnic degree courses that are validated by the Council for National Academic Awards are not inferior to those of the Universities; it is however, accepted that the level of degree grades achieved tend to be lower because the polytecnics inter-alia tend to cater for those students with A level results normally unacceptable by the University sector.

I whole-heartedly subscribe, however, to the view that there is obviously a need to reshape the whole of higher education in a cost-effective manner.

J. B. Goodlad.
Liverpool Polytechnic,
Dept. of Accounting and Finance,
Hamilton House, Pall Mall,
Liverpool.

Today's Events

UK: British Rail and unions begin special two-day conference on productivity.

Full meeting of Council of Civil Service unions.

Unions and management of Vauxhall Motors discuss moves for further cuts in workforce.

Civil Aviation Authority public hearings open into British Midland application for rights to fly from Heathrow to Glasgow and Edinburgh.

National Gas Consumers Council annual report.

Christies' auction collection of World War II aircraft, Auchterarder, Scotland.

Overseas: Special congress of Polish Communist Party opens, Warsaw.

Second and final day of EEC Foreign Ministers meeting, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Progress on remaining stages of Finance Bill. Motions on films (quotas) order and on Pool Competition Act 1971 (continuance) order. Proceedings on Friendly Societies Bill.

House of Lords: London Transport Bill, second reading. South Yorkshire Bill; third reading. Education (Scotland) Bill, committee stage. Motions to approve: Antigua Termination and Association Order, European Centre for Medium-range weather forecasts (Immunities and Privileges) amendment order 1981, and Commission for Conservation of Antarctic Marine Living Resources (Immunities and Privileges) Order 1981.

Select Committee: Foreign Affairs. Overseas development sub-committee. Subject: Overseas student fees: aid and development implications. Witnesses: National Union of Students: Overseas Students Trust, Room 16, 5.40 pm.

COMPANY MEETINGS

Assam Dooars, 5, High Timber Street, EC, 11. Birmingham and District Investment, Stratton House, Piccadilly, W, 3.30. Cornell Dresses, 37, Queen Street, EC, 11. Dawson International, North British Hotel, Edinburgh, 11.45. Electrical and Industrial Investment, Stratton House, Piccadilly, W, 3. Hunting Associated Industries, 243, Knightsbridge, SW, 12.30. International Paint, 9, Henrietta Place, W, 12. Millets Leisure Shops, Great Eastern Hotel, EC, 12. Shires Investment Trust, 70, Finsbury Pavement, EC, 12. Western Dooars (Tea), 5, High Timber Street, EC, 11.30.

Rank falls £17m midway but sees end of downturn

FIRST-HALF taxable profits of the Rank Organisation have fallen from £53.45m to £36.68m, reflecting a sharp decline in the contribution from its major associate, Rank Xerox, and increased interest charges. Turnover was also lower, at £246.66m against £255.32m.

Despite the deterioration in trading conditions since the end of the last financial year, when there was a pre-tax surplus of £111.24m (£129.72m), Mr Harry Smith, chairman, says the board does not expect any further decline in the second half.

While there are as yet no clear signs of any significant general recovery in the business climate of the UK, he adds, there is some improvement in the U.S. and the Far East.

The decline in the group's share of Rank Xerox profits—down from £53.93m to £39.78m—was almost entirely due to adverse currency movements, which accounted for some £13m of the fall. Mr Smith explains that Rank Xerox earnings are not derived from the U.S. and therefore gain no benefit from the current strength of the dollar; the continuing strength of sterling against European currencies also had an adverse effect.

The surplus for the 28 weeks to May 16 1981 included group trading profits of £7.09m (£6.57m) and other associates of £3.94m (£3.88m) and was struck after interest charges up from £10.96m to £14.14m.

Borrowings were only slightly higher expressed at constant currency exchange rates, and the principal factors in the higher charge were increased interest rates in the U.S. and Australia coupled with the weakness of sterling against the dollar.

Mr Smith says adverse currency adjustments remain the main concern over the contribution from Rank Xerox, but the scale of these adjustments is unlikely to be so severe in the remainder of the year.

Earnings per 25p share are shown down from 12.2p to 7.5p after tax of £18.67m (£26.03m), minorities of £2.6m (£2.47m) and preference dividends.

HIGHLIGHTS

Lex looks at the slightly more cheerful prospects for the bumper £624m BP rights issue ahead of the announcement on Thursday. The column also examines the Rank Organisation interim results where the dividend has been held despite a £14m shortfall from the all-important Xerox business and a group downturn from pre-tax profits of £53.5m to £37.6m. Lex goes on to discuss the super bids on Wall Street with Seagram coming back into the Conoco power play with a revised partial bid valuing the oil group at $7.5bn against Du Pon'ts terms of $7.1bn. On a somewhat smaller scale, the column decides that News International's bid for publisher William Collins is finely balanced. Elsewhere, LRC International has raised profits and cut debt, New Court Natural Resources has launched a £5.3m rights issue to fund the acquisition of further energy properties and ABI Holdings has raised almost £1m through a placing of convertible unsecured loan stock.

The attributable surplus came through well ahead at £19.79m (£13.87m) after an extraordinary credit of £4.7m relating mainly to the disposal of Rank Estates, against a debit last time of £10.78m, which represented the cost of closing the television business.

The interim dividend is held at 4.8p net and again absorbs £9.7m—last year's total payout was 10.8p per share.

Ignoring currency effects, says the chairman, the underlying performance profits of Rank Xerox in the first half were about the same as for the corresponding period last year, though affected by high levels of inflation, interest rates and low economic activity.

New products announced in 1980 have been well received and machine placements are ahead of last year. The office information systems division continues to show excellent growth.

Rank's leisure division is operating satisfactorily in many of its activities other than film exhibition, says Mr Smith. The decision to close a further 29 cinemas was announced last month and he believes this rationalisation of the circuit will improve film exhibition profitability as a whole.

The decision to cease film production brought better results for the film and television services division, and all activities were profitable. The distribution of films for cinema, television and video continues.

Overseas, industrial relations problems following a plant closure affected profits in Australia, but both the U.S. and Asian subsidiaries showed improvements over the corresponding period last year.

Reductions in the workforces of most UK manufacturing subsidiaries were necessary to match the contraction of the market for capital equipment, though against this trend Rank Cintel and some of the defence businesses of Rank Precision Industries performed better than a year ago.

Taxable profits of Rank Precision Industries, the 95 per cent held scientific instruments, optical goods and electronic equipment holding company, amounted to £23.43m against £31.37m in the half year, including its £19.89m (£26.98m) share in Rank Xerox profits. The interim dividend is 80p net, absorbing £4m

Pre-tax profits of another holding company, A. Kershaw and Sons, slipped from £2.76m to £2.31m. The interim dividend is held at 6p—last year's final was 15.75p.

Lex, Back Page

Rank chairman Mr Harry Smith—"No further decline expected for remainder of year"

Nesco down to £0.4m in 13 months

IN the 13 months to March 31 1981 pre-tax profits of Nesco Investments were £407,113 compared with £768,839 in the previous 12 months. Turnover rose from £1.67m to £2.46m.

The pre-tax figure included investment income and interest receivable totalling £572,763 (£180,737) and a surplus on the disposal of investments and properties amounting to £34,820 (£13,707). Net profits came out at £116,613 (£370,532) and minorities share last time was £183,830.

The board says the company's accounts will be greatly influenced this year by the inclusion of Colmore Investments, acquired at the beginning of 1981. As the offer went unconditional on January 29 1981 only a proportion of Colmore's losses of £711,893 have been consolidated.

Nigerian subsidiaries have been included in the consolidated revenue account only in respect of dividends receivable by the parent company.

Since the Colmore acquisition, the board says a thorough review of its business has taken place and urgent steps are being taken to reduce indebtedness. One vacant property has been sold for £167,000, used car stocks have been reduced by £130,000 and certain investment properties have been sold or sales agreed amounting to about £400,000.

Colmore's BP subsidiary stopped taking on new business and this should result in an inflow of approximately £230,000 over the next two years. The board says other peripheral activities are being looked at with a view to disposal in order to eliminate short-term debts which are not justifiable at current levels of profitability.

Trading results to-date show losses greatly reduced compared with last year's, but the directors do not expect a profit, after interest, from Colmore for the first six months of the current year.

Nigerian subsidiaries earned satisfactory profits in the year to February 28 1981 and declared the same net dividend as in the previous year.

Prospects for further rural electrification work are good, but increasing costs and static power sales limit potential for electricity generation and supply business in its present form. No basis for the sale of surplus electric power to the National Electric Power Authority has yet been agreed.

The board says discussions were held with Nigerian interests who made an approach to acquire Nesco's shareholding in the subsidiaries, but no conclusions have been made to date.

Earnings per 25p share for the 13 months are shown as 5.6p (8.97p). Dividends totalling 7.6p (6.3p) have already been paid.

Amos Hinton improvement continues

MEMBERS OF Amos Hinton and Sons, food and drink retailer and distributor, were told at the AGM that the improved trend for sales and profits was continuing. The company was facing some increase in competition in the second half but the chairman anticipated benefits from efforts to improve service standards.

By the end of the year the company expected to have at least two stores converted to incorporate some of the board's concepts for the Hinton stores of the 80s.

In addition to improving and developing stores which the company already operated, an expansion of selling area was needed. The property side of the business would concentrate on finding suitable sites for this.

The chairman reiterated his statement that food retailing operated on small profit margins and a slight change in the ratio between sales and cost could have a significant effect on profitability.

The company had established a firm basis for progress and he was confident that it had the ability to build on this.

SPAIN

July 10	Price %	+ or −
Banco Bilbao	325	
Banco Central	360	
Banco Exterior	355	
Banco Hispano	301	
Banco Ind. Cat.	121	
Banco Santander	371	−8
Banco Urquijo	226	+1
Banco Vizcaya	352	
Banco Zaragoza	238	
Dragados	210	−4
Espanola Zinc	55	
Fecsa	67.7	−1.3
Gal. Preciados	52.5	−1.5
Hidrola	75.2	−1.0
Iberduero	60	−0.5
Petroleos	120	−5.5
Petroliber	96	
Sogefisa	59	
Telefonica	78.7	
Union Elect.	70.5	−0.7

Rights to raise £5.3m by New Court Resources

New Court Natural Resources, the Rothschild-backed company that invests in U.S. oil and gas properties, is raising £5.3m by way of a rights issue of 13.3m new shares with detachable warrants.

The directors say they intend to devote the greater proportion of the group's cash flow this year to the further development of existing oil and gas properties. However, they believe that the recent fall in the price of oil and the high level of U.S. interest rates have created particularly attractive opportunities for the acquisition of further oil and gas properties.

The company recently reported pre-tax profits for the year ended on March 31 1981 of £714,000 compared to £500,000 on its continuing businesses. Net asset value was 69p a share. An unchanged dividend of 1p per share was recommended and the directors intend to maintain this rate on the enlarged capital in respect of the current year.

The rights issue is on the basis of one rights unit at 160p for every six ordinary shares held on July 20. A rights unit consists of four new ordinary shares and one detachable warrant to subscribe for one ordinary share at 75p on September 30 in any of the years 1983 to 1988.

An extraordinary general meeting will be held on July 30 to approve an increase in authorised capital. Dealings are expected to begin on July 31 and remain in complete units only until September 23. The final date for acceptance is August 20.

The issue has been underwritten N. M. Rothschild and Sons. Brokers to the issue are W. Greenwell.

The company also published its annual report yesterday showing net proven oil reserves of 758,000 barrels and net probable reserves of 981,000 barrels. Proven reserves of gas amounted to 4.6bn cubic feet and probable reserves were 651m cubic feet. The estimated fair market value at March 31 1981 of these proven and probable reserves was $24m, according to an independent consulting engineers' report.

● comment

New Court Natural Resources was ahead of the pack in 1979 when it decided to concentrate on acquiring U.S. oil and gas properties on the assumption that price controls would soon end and so returns to producers would rise sharply. This strategy has produced big increases in profits and asset values but the shares have fallen with the rest of the oils this year and, at 52p, unchanged, stand at a significant discount to the estimated value of 70p per share on the company's reserves. This may seem an odd moment to launch a very heavy rights issue, especially as the group has no debt to speak of, but the directors want to use the £5.1m net proceeds plus their lines of credit to make a dash for growth by acquisition. Now that U.S. oil prices are at world levels, NCNR is unlikely to be able to squeeze much more profit growth from that area. The idea of purchasing properties today at a discount from hard-pressed operators seems a relatively low-risk way of seeking new growth, provided the group sticks to its policy of accumulating oil reserves rather than exploration prospects.

ABI calls for £850,000 by way of stock placing

ABI Holdings, which produces wax coatings and the Hermetite range of motor sealants, has raised £995,000 by way of a placing of 10 per cent convertible unsecured loan stock.

The placing is part of a re-organisation of Associated British Industries, through which certain shareholders, representing 41 per cent of the equity, have sold their shares to the new ABI for £2m in cash while the others have exchanged their shares for those of the new company.

The loan stock is to be traded, starting this morning on the market operated by M. J. H. Nighthingale and Company. The 2.3m issued shares are not traded.

The group's Astor wax coatings business accounted for nearly 80 per cent of pre-tax profits in the year ended June 30 1980. Astor is one of the two major UK producers of wax coatings for food and other types of packaging and a major supplier of wax compounds for the rubber industry. It is also developing anti-corrosive coatings for metal surfaces and a bitumen compound for road surfacing.

Hermetite is a well-known supplier of jointings, sealants and adhesives. About 60 per cent of sales are to the consumer market for motor car care products, the remainder for industrial products. Recent developments include a general home adhesive putty called Tuf Stuf.

ABI's profit before taxation has grown from £104,000 in the year ended on June 30 1976 to £894,000 last year. Turnover rose from £7m to £17.4m over the same period. The profit figures are after a notional amount in each year for interest payable on current borrowings to pay for the purchase fo shares from the selling shareholders.

A pro-forma balance sheet shows net assets of £5.3m, fixed assets of £5.4m and current assets of £8.2m. Bank loans amount to £1.3m, other loans to £1.4m and the convertible loan stock is £995,000. This is based on the June 30 1980 balance sheet with adjustments for the reorganisation.

The directors estimate that profit before tax declined to £468,000 (assuming a full year of interest charges at 13 per cent on the £1.4m borrowings for reorganisation) in the year ended June 30 1981. Based on the 2.37m issued £1 shares, this would be equivalent to 9.47p per share fully taxed.

The loan stock is convertible on the basis of one share for every £1 nominal in December from 1982 to 1991. The profit estimate on a fully diluted basis is £568,000 or 8.1p per share.

The group suffered last year from a drop in demand from the motor industry, but finds that demand has recovered and the level of profitability has improved significantly in recent months, Mr Peter Lawrence, chairman, said.

$100m launch for U.S. oil and gas fund

Merchant bank Henry J. Schroder Wagg is attempting to launch a large U.S. oil and gas exploration fund, London American Energy NV, by way of a private placement of a minimum of $100m.

The company's strategy would be to participate in low to medium risk exploration and drilling programmes in the lower 48 States with a small number of experienced independent oil operators. It has made arrangements to participate with three quoted companies, Adobe Oil and Gas corporation, Maron Energy Inc and Southland Royalty Company, and one private group headed by Edwin L. Cox, Jr.

Sir Alastair Down, chairman of Burmah Oil, is chairman of the company. The placing is being managed by Schroder Wagg and co-managed by Baring Brothers and Company, Robert Fleming and Company and J. Henry Schroder Bank A.G.

The shares are to be listed on the Luxembourg Stock Exchange and dealings would be permitted in London under the Stock Exchange's rule 163 (1) (e).

Unless applications for at least $100m are received, any amounts paid on application will be refunded. Applications have already been received in respect of $70m. The last date for applications is July 17.

BSR EGM APPROVES ASTEC ACQUISITION

Shareholders of BSR at an extarordinary meeting have approved resolutions relating to the acquisition of the remaining shares of Astec International, an increase in BSR's authorised share capital and an executive share option scheme.

Mr B. H. E. Christopher and Mr N. G. Stewart, joint managing directors of Astec, have been appointed to the BSR board.

Optimistic note struck by Sutcliffe Speakman

MR S. W. LIVESEY, chairman of Sutcliffe Speakman and Company, engineers, says in his annual statement that the board is more optimistic than it has been for some time, though it is too early for this optimism to be reflected in results for the first half of the current year.

He reports that the company has an improving order book for brickmaking and chemical plant, much of which will be delivered in 1981-82.

The company has been burdened by two heavy loss-making contracts in the Middle East and the problems cannot be regarded as having been resolved completely until the release of maintenance guarantees, expected later this year, have been obtained, Mr Livesey adds.

The accounts have again been qualified. Group borrowings and guarantees remain subject to review with the company's bankers. The financial statements have been drawn up on a going concern basis which assumes that adequate banking facilities will continue to be made available to the group.

For the year to March 31 1981 as reported on July 1, the company cut its pre-tax loss from £305,000 to £374,000 on turnover ahead from £7.59m to £8.42m.

At the balance sheet date, shareholders' funds totalled £1.7m (£2.01m). Fixed assets amounted to £549,000 (£545,000) and net current assets £1.55m (£1.97m). Bank overdrafts were slightly lower at £1.01m

A statement of source and application of funds shows that working capital has decreased by £419,000 (£301,000).

The AGM of the company will be held in Manchester on August 4 at 12.30 pm.

30 companies are wound-up

Compulsory winding-up orders against 30 companies were made by Mr Justice Dillon in the High Court. They were:

Northbrook Publishing Company, Videodale, Allcork Insulation Company, Clymontie, James Lloyd (Builders), The London Gas Heating Company.

Aberdan Builders, L.A. (Specialist Repairs), Pilot Music Productions, P and D (Boards), The Henley Company of Craftsmen, M.S. Armstrong.

Desmar Designs, V-Clad, Edco International Holiday Hosts, Feltdean, Collier Design (Contractors), B. and J. Curran (North Eastern).

Winchet Instrumentation, Cut Price Confectioners, J. M. Hill and Sons (Ampthill), Hillcrane, Latin Quarter, Mid-West Movies.

M and R Pestell, Save and View, Crusefield, Malward Construction, Dershire Builders, Wharton Engineers (Elstree).

Ratners (Jewellers) slides to £2.2m

A DROP from £3.44m to £2.22m in pre-tax profits is reported by Ratners (Jewellers) for the year to April 6, 1981. Turnover, however, improved from £23.51m to £24.11m. The final dividend is unchanged at 1.63p net for a same-again total of 2.3p. Pre-tax profits at the half-way stage were down from £684,000 to £539,000.

Mr. L. M. Ratner, the chairman, says sales in the current year so far are encouraging, but costs are still a worrying factor. Marketing policies recently embarked on are bearing fruit, and any improvement in the economic climate would certainly provide the group with the impetus for recovery, he says.

Improvements to the merchandise and presentation give rise to a feeling that the company is very strongly placed to take advantage of improving market conditions. In view of this, adds Mr. Ratner, expansion policies have continued with the opening of new branches in Perth (Scotland), Macclesfield, Dunfermline, Aberdeen and Dumfries.

Additionally, since the beginning of the current year, a unit has been opened in London's Regent Street. Another has been opened in Basingstoke, and others in Guildford and Worthing have been acquired.

He says the world recession has caused a downturn in results of the Dutch subsidiary, which was making good progress up to this point. Losses in Holland amounted to £86,000 (£36,000) in spite of a 15 per cent sales increase.

There was a group tax charge of £397,000 (£328,000) during the year. Extraordinary credits amounted to £172,000 (£83,000). Stated earnings per 10p share were down from 10.49p to 6.14p.

On a CCA basis, pre-tax profits were £1.46m.

● comment

Ratners has ended the year on a disappointing note. Signs of a recovery in its three-year-old Dutch operations were premature with overseas losses for the year more than doubling. The company's profits collapse mirrors that of its rival, H. Samuel. Both companies have been unable to raise prices to cover higher costs. At the trading level Ratners fared rather better, increasing its market share and maintaining its gross margins due to a switch to higher quality merchandise. But net margins bore the brunt of nearly trebled interest charges, whereas H. Samuel was aided by about £1.25m net interest receivable. The short-term remains dull until consumer demand picks up sufficiently to enable the company to raise prices. Longer term the balance sheet remains strong and the company's UK overdraft has been reduced. The shares shed 2p to close at 51p, at which level the yield on a maintained final is 6.5 per cent.

ENGLISH ASSOC. 99% ACCEPTED

Acceptances have been received in respect of 98.9 per cent of the 1.1m shares issued in a rights issue by English Association Group at 375p per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Carclo	1.3	Sept 4	2.6	2.6	5.
A. Kershaw & Sons...int.	6	Nov 2	6	—	21
LRC Int.	1.8	Oct 1	1.75	2.5	2.
Murray Nthn. Invest. Tr.	1.25	Sept 16	1.15	1.85	1.
Murray Northern int.	0.6	—	0.6	—	1.
Peerless	4.2	—		6.3	
Rank int.	4.8	Nov 2	4.8	—	1.
Ratners (Jewellers)	1.63	Oct 5	1.63	2.3	2.
Western Board Mills	4.2	Sept 25	3.6	5.9	5.

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

THE TRING HALL U.S.M. INDEX
123.2 (unchanged)
at close of business 13/7/81
BASE DATE 10.11.80 100
Tel. 01-248 5675

CORAL INDEX
Close 531-536 (+8)

OIL INDEX
October Refined $42.00
January Refined $45.30

MINING NEWS

CSR still finds oil shale project attractive

BY GEORGE MILLING-STANLEY

THE STATEMENT last month by Mr Clifford Garvin, president of the giant U.S. oil company Exxon, to the effect that the Rundle oil shale project in Queensland cannot be developed economically at present world oil prices has not deterred other companies with similar projects in mind.

Mr Gordon Jackson, managing director of the big Australian industrial and mining company CSR, said yesterday that his company had completed a study of its Julia Creek oil shale deposits, and "the project still looks attractive."

He warned, however, that the exploitation of such a prospect would have a very long lead time and fairly high development risks. CSR has not yet approached a partner to help with the construction of a A$300m (£181m) pilot plant at the site.

The company expects Julia Creek, which is also in Queensland, to produce more than 100,000 barrels of oil a day, and CSR initially wants to build a plant with a capacity of 5,000 barrels a day.

Asked about Rundle, where Exxon's local offshoot Esso Exploration and Production Australia is the senior partner in a joint venture with two Australian companies, Central Pacific Minerals and Southern Pacific Petroleum, Mr Jackson said that geological and mining conditions at Julia Creek were much more favourable.

Development plans at Rundle have been cut back severely following the trebling within a year, of the estimated costs of the demonstration phase of the project. The cost of this stage is now put at around A$2bn.

Rundle has also encountered geological problems which seem certain to reduce the amount of oil ultimately recoverable.

Mr Jackson also made the point that Julia Creek appears to be better endowed than Rundle with on-site natural gas for treatment of the shale.

CSR annual report, Page 23

Inspiration buys U.S. coal group

THE North American coal producer Inspiration Coal has completed the acquisition of the privately-owned Sovereign Coal Group and its affiliated company, Harman Mining Corporation, for about U.S.$152m (£80m).

Two companies in the Anglo American Corporation of South Africa group, Hudson Bay Mining and Smelting and Minerals and Resources Corporation (Minorco), each own 50 per cent of Inspiration.

Inspiration's purchase is being financed primarily by the issue of instalment notes to Sovereign and Harman.

These companies operate two coal mines in Virginia and Kentucky, and in 1980 produced a total of 1.9m tons of premium coking coal. Hudson Bay said that the present management would continue to operate the mines.

The deal is the second major takeover by Anglo American group companies since Minorco received a huge injection of funds intended to equip it to become the group's vehicle for expansion outside South Africa.

The first acquisition, of the 55 per cent of Terra Chemicals International not already owned by the group, cost U.S.$113m.

ROUND-UP

The Australian exploration company Kitchener Mining reports grades of up to 56 grammes of gold per tonne at its 50 per cent-owned Bamboo Creek joint venture in Western Australia. The partner is CRA.

The high value was found across a 1 metre width at a depth between 34 and 38 metres. Other values reported included ranged between 10.6 and 54 grammes per tonne.

* * *

India is considering plans to export limited quantities of coal, and a government decision is expected soon, reports P. C. Mahanti from Calcutta. The country currently has large pit-head stocks of about 16m tonnes, and the monsoon is creating transport problems for the internal movement of the coal.

Beyond that, several countries, including South Korea and Sri Lanka, have inquired about the possibility of buying Indian coal. South Korea is reported to want 40,000 tonnes of steaming coal immediately.

* * *

Australia's Cultus Pacific and York Resources, equal joint owners of the Benambra base metal prospect in Victoria, are planning a diamond drilling programme at the prospect this month. The target of the exploration programme is massive sulphide mineralisation similar to that currently being evaluated by Western Mining at its Wilga prospect about 12 miles away.

New gold mine in Zimbabwe

THE RENCO gold mine of Rio Tinto Mining Zimbabwe, the local offshoot of the Rio Tinto-Zinc group, is now likely to come into full production "probably in the first quarter of next year," according to RTMZ.

When it is fully operational, the southern Zimbabwe mine is expected to produce more than 52,500 oz of gold a year, making it among the biggest gold producers in the country. Even at current depressed prices, this would bring in some U.S.$20m (£10.5m) a year in foreign exchange.

Zimbabwe produced 386,000 oz of gold in 1979, and Renco is likely to increase that by about 13 per cent.

RTMZ has so far spent about Zimbabwe$17m (£12.8m) on developing the mine, which is south of Fort Victoria.

Better output at Bougainville

THE big copper and gold mine of Bougainville Copper in Papua New Guinea improved its output in the three months ended June 30. While the amount of ore milled fell to 9.4m tonnes from 9.42m in the same quarter of the previous year, higher grades led to the increase in production.

Bougainville produced 40,826 tonnes of copper, compared with 36,245 tonnes in the quarter to June 30, 1980, 125,453 oz of gold against 110,599 oz, and 330,287 oz of silver, up from 288,105 oz last time.

The company is a 56.3 per cent-owned subsidiary of CRA, which is itself owned as to 61.1 per cent by Rio Tinto-Zinc.

SHARE STAKES

Ferranti—Mr Sebastian Basil Joseph Zianni de Ferranti sold 75,000 ordinary on July 1 1981 and 15,000 ordinary on July 3. Total holding now 1,321,830 (3.098 per cent).

United City Merchants—Carr Sebag and Co. on July 10 bought on behalf of Arab Asian Group of Bahrain 100,000 UCM at 39p.

Change Wares — Harold P. Chaffe, chairman, acquired from Page Mill group II, the principal underwriters to the recent rights issue, 41,700 shares and 41,700 warrants.

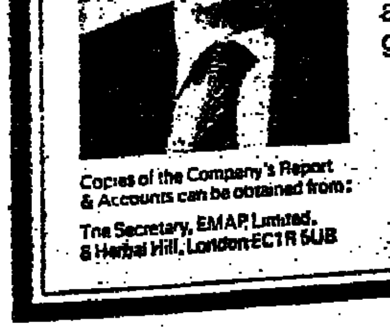
Singlo Group—Caparo Group sold its entire holding of 62,819 5 per cent cumulative preference shares. Perelle nominees acquired a like amount.

LONDON TRADED OPTIONS

July 13 Total Contracts 1061 Calls 809 Puts 252

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	17	27	33	7	43	3	294p
BP (c)	300	6	131	23	14	33	6	"
BP (c)	320	¼	—	12	26	22	3	"
BP (c)	350	¼	—	6	—	14	12	"
BP (c)	380	¼	—	3	—	8	5	"
BP (c)	410	¼	—	1½	10	5	—	"
BP (c)	450	¼	10	—	—	—	—	"
BP (p)	280	4	—	11	25	15	—	"
BP (p)	300	12	10	20	77	23	—	"
BP (p)	320	28	—	30	26	32	10	"
BP (p)	350	58	—	60	—	62	39	"
BP (p)	410	118	—	120	—	120	50	"
CU (c)	130	46	1	53	—	—	—	175p
CU (c)	140	36	1	43	1	49	—	"
CU (c)	160	16	7	29	5	33	—	"
CU (c)	180	5	25	15½	2	20	1	"
Cons. Gld (c)	420	38	1	58	—	68	—	455p
Cons. Gld (c)	460	8	1	34	8	45	—	"
Cons. Gld (c)	500	1	—	17	7	35	1	"
Cons. Gld (c)	550	1	2	6	2	15	11	"
Court'lds (c)	60	5	—	9½	5	15½	5	64p
Court'lds (c)	70	¾	—	5	5	8½	5	"
Court'lds (c)	80	¼	—	1½	—	5	1	"
GEC (c)	700	35	6	62	—	87	—	730p
GEC (c)	750	6	2	32	—	57	—	"
Gr'd Met. (c)	140	70	10	73	1	—	—	209p
Gr'd Met. (c)	160	50	5	53	—	—	—	"
Gr'd Met. (c)	180	30	—	34	—	44	5	"
Gr'd Met. (c)	200	10½	4	22	1	30	—	"
Gr'd Met. (c)	220	¾	—	10	12	18½	2	"
ICI (c)	250	14	2	27	11	36	18	272p
ICI (c)	280	2	2	19	17	26	11	"
ICI (c)	300	1	5	10	5	18	1	"
Land Sec. (c)	312	25	19	40	—	50	—	333p
Land Sec. (c)	336	4	31	24	3	30	11	"
Land Sec. (c)	368	½	—	9	12	—	—	"
Mks & Sp (c)	120	8	8	15	7	22	—	127p
Mks & Sp (c)	130	2	2	8	48	15½	—	"
Shell (c)	330	34	1	48	—	60	—	364p
Shell (c)	360	8	5	26	26	40	1	"
Shell (p)	360	6	—	16	2	22	10	"
		August		November		February		
Barclays (c)	420	27	6	38	1	53	—	435p
Barclays (c)	460	6	—	22	5	33	2	"
Lasmo (c)	550	10	—	39	1	60	—	512p
Lonrho (c)	90	4½	8	9	17	11	3	90p
Lonrho (c)	100	1½	—	5	—	6½	9	"
Lonrho (p)	90	3½	4	5	—	7	—	"
P & O (c)	120	5	5	10	1	13½	—	118p
P & O (c)	140	½	—	2	1	8½	—	"
Racal (c)	420	12	—	32	4	43	—	416p
RTZ (c)	550	16	50	40	4	52	—	525p

C=Call P=Put



UK COMPANY NEWS

Western Board improves

ALTHOUGH turnover of Western Board Mills dipped from £3.72m to £3.51m, taxable profits of this mill and fibre boards manufacturer increased to £1.58m for the year ended March 31 1981 compared with £1.4m.

The first two months of the current year show results similar to the same period in 1980, the directors say, and both mills are experiencing an increase in orders.

They add that if the recent reduction in the value of sterling is maintained, is should help to improve sales in the months ahead.

At halfway profits were up at £758,000 (£655,000), but the board said it was unlikely that the full year surplus would exceed that of the previous year.

Stated earnings per 10p share are 14.7p (13.2p) and the dividend is stepped up to 5.9p (5.3p) net with a final payment of 4.2p.

Pre-tax surplus included profits on sale of listed investments of £116,355 against £49,363, but was subject to tax, higher at £802,800 (£702,316).

The attributable balance came through at £854,079 (£71,465), after an extraordinary credit of £75,575 (nil), out of which dividends will absorb £312,051 (£280,317).

As at March 31, listed investments, bank balances, cash and short term deposits amounted to £3.58m, or 67.7p per share.

Grovebell cuts loss mid-year

Losses at the trimmed down Grovebell Group continued, though at a lower level, in the half-year to May 31, 1981. The pre-tax deficit of this Vauxhall and Bedford dealer and garage operator was down from £101,950 to £15,403 on its continuing operations. Last time the companies now closed down or sold, accounted for a further loss of £308,403.

Sales by the remaining companies were up at £6.38m, against £4.91m previously when discontinued activities contributed a further £1m.

Again there is no dividend on the ordinary or preference shares. The last ordinary payment was 0.5p net for 1978-79.

There was no tax for the half-year compared with a £21,145 credit previously. After an extraordinary credit of £6,318 (£54,978) the loss for the period emerged at £9,085 (£337,989).

For the whole of 1979-80 the group showed a loss up from £209,272 to £615,278.

The garage subsidiaries increased their turnover by 5.9 per cent and their profit before tax, held by the reduction in interest rates, increased by 5.4 per cent.

Grovebell's confirming company made a substantial improvement in turnover and at the mid-year point reported profit almost the same as the amount for the whole of the previous financial year.

Group expenses, including interest, are down following the fall in interest rates and a reduction in borrowings after the rights issue in early December.

Proceeds of sale of shares held in Bond Street Fabrics were received too late in the period to materially affect the results, the directors point out.

HARTLEY COOPER/ DEWEY WARREN

The Hartley Cooper Group has purchased the UK non-marine and life and pensions insurance broking interests of the Dewey Warren Group.

The companies involved are Dewey Warren (Insurance Services) and Dewey Warren (Home), both based at Claygate in Surrey. They have been acquired from the Sterling Credit Group.

Announcing the deal in London, Mr John Jewiss, deputy chairman of Hartley Cooper Holdings, said the deal is part of his group's continuing expansion, of which the development of a regional structure is an important part.

The Hartley Cooper Group is a substantial group of international insurance brokers with its headquarters in the City.

IN BRIEF

IMPERIAL CONTINENTAL GAS ASSOCIATION—Results for year ended March 31, 1981, reported July 8. Group fixed assets £342m (£317.6m), net current assets. £73.26m (£113.61m). shareholders' funds £270.71m (£282.1m). Net liquid funds decreased by £38.61m (£6.29m). Meeting, 20, Aldermanbury, EC, August 7, 11.30 am.

ELLIOTT GROUP OF PETERBOROUGH (building, joinery)—Results for year ended March 28, 1981, reported June 27. Group fixed assets £3.46m (£3.76m), net current assets £2.43m (£3.45m), shareholders' funds £5.57m (£6.39m). CCA pre-tax loss £1.31m (£960,000 historical). Meeting, Great Eastern Hotel, EC, July 30, 12.15 pm.

JONAS WOODHEAD AND SONS (vehicle suspension manufacturer)—Results for year to March 31 1981 reported June 20. Shareholders' funds £23.32m (£26.42m), fixed assets £13.07m (£12.67m), net current assets £16.18m (£15.6m), loan capital £5.84m (£1.97m). Meeting, Leeds, July 31, 2.30 pm.

INTERNATIONAL TIMBER CORPORATION—Results for year to March 28 1981 reported on June 17. Shareholders' funds £70.38m (£61.85m); fixed assets £35.1m (£33.86m); net current assets £52.54m (£57.76m); Group investments £1.65m (£1.26m). Group proposes to drop word "Corporation" from its name. Montague L. Meyer holds a 12.97 per cent interest. Meeting, Tower Hotel, St Katharine's Way, E, August 18, noon.

H. SAMUEL GROUP OF COMPANIES (multiple retail jewellers)—Results for year to January 31 1981 reported with prospects June 11. Shareholders' funds £52.5m (£48.24m), net current assets £23.87m (£24.58m), cash £7.85m (£12.58m). Working capital down £1.99m (up £6.12m). Meeting, Birmingham, August 5 at noon.

EASTERN PRODUCE (HOLDINGS)—Results for 1980 reported July 7 Shareholders' funds £14.84m (£14.01m), current fixed assets £6.27m (£6.08m), current assets £13.12m (£12.17m), current liabilities £12.35m (£10.59m). Meeting Winchester House, Old Broad Street, EC, August 3 at 2.30 pm.

LRC advances despite static sales

SECOND HALF pre-tax profits of LRC International increased from £2.98m to £3.61m and figures for the full year to March 31 1981 also showed an improvement from £6.21m to £7.03m. Sales were little changed at £113.92m compared with £113.77m.

Sir Edward Howard, the chairman, says the impact of the recession in both the UK and North America, coupled with the group's rationalisation programme, held sales at the level stated, but trading profits were at a record £10.03m against £8.94m.

Sir Edward says he is optimistic about the group's continued growth, and he adds that the first quarter of the current year has started will, despite difficult trading conditions.

The group substantially exceeded its forecast in reducing its borrowings, and at the year end these were down from £24.1m to £16.5m, giving a debt to equity ratio of 43.4 per cent (65.3 per cent).

Pre-tax figure was after interest of £3m (£2.73m).

After a tax charge of £3.07m (£2.77m), minority interests of £91,000 (£68,000) and extraordinary credits of £245,000 (£1.81m), attributable profits came out at £4.11m compared with £5.18m.

The final dividend is raised from 1.75p to 1.8p for a total of 2.5p (2.448p).

Stated earnings per 10p share improved from 3.76p to 4.32p.

The release of permanent stock relief has been credited to extraordinary items and comparisons re-stated

The principal activities of the group are the manufacture and distribution of a variety of rubber goods, proprietary pharmaceuticals, and hospital and medical supplies.

● comment

LRC has managed to sustain the improvement in profitability of the first half, with the main contribution coming from the elimination of lossmakers. As the rationalisation programme has proceeded, furthermore, the reduction in the level of borrowings has allowed the interest charge to fall by £½m between the first and second halves. The company has managed to reduce net debt by £7.6m to £16.5m over the year. A squeeze on stocks and debtors has produced £7m cash, asset disposals a further £2.3m, while capital expenditure has once again been held at low levels. So the company now looks very much more balanced financially, with net debt to shareholders' funds down from 65 to 43 per cent. The shares have risen from last year's low point of 24p to 47½p, with a 4½p gain yesterday, producing a yield of 7.9 per cent. With the rationalisation behind it there should be a further improvement in profits in the current year. But underlying trading remains tough—with sheath volume down 7 per cent worldwide last year—and the competition generally is getting no easier.

SIR EDWARD HOWARD is optimistic about LRC International's continued growth.

Carclo Eng. slumps in second six months

A slump in the second half cut taxable profits at Carclo Engineering Group for the year to March 31 1981 from a record £2.87m to £718,000. Turnover was down at £27.18m against £32.4m.

Midyear the surplus was unchanged at £0.46m and no improvement was forecast for the second six months.

The total dividend for the year is being cut from 5.2p to 2.6p by a halved final of 1.3p.

Sir Robin Brook, the chairman, says "forecasting is difficult, but with most of the reorganisation complete and the business considerably streamlined, the directors look forward to much improved results in the future.

"We are budgeting for a smaller profit after tax in the first half, followed by an appreciably better second half and we are forecasting that, in the full year, we shall earn sufficient to cover adequately the cost of our current dividend. So far, we are ahead of our target and we have a satisfactory order bank. We have had a serious setback but in the longer term we remain confident that our business is starting a period of significant achievement," he adds.

There was a net loss per 25p share of 8.2p (earnings 18p). Tax took £637,000 (£1.47m).

At the attributable level the loss was £1.41m (compared with a profit of £692,000) after extraordinary debits up from £1.34m to £129,000.

On a current costs basis that was a pre-tax loss of £118,000.

	1980-81 £000	1979-80 £000
Sales	27,180	32,404
Pre-tax profit	718	2,874
Tax	637	1,465
Net profit	81	1,409
Pre-acquisition	—	*423
Minorities	154	160
Extraordinary debits	1,341	129
Attributable loss	1,414	*692

*Profit

● comment

Carclo's attributable loss of £1.4m is a case of recessionary setbacks aggravated by digestive pains. It spent £7.7m to acquire English Card Clothing in late 1979 and gearing soon topped 70 per cent. The recession then hit the group's wire and card clothing operations. In response, Carclo has cut back its workforce by more than a third, compressed its card clothing operations, consolidated its wire activities and sold off property in Cleckheaton. These moves account for most of the extraordinary debit of £1.3m. At the same time, higher interest rates pushed interest charges up by 39 per cent to nearly £1m. From its new, smaller headquarters, the company says that trading in the current year has improved in all its sectors and it expects improved profits next time. Its uncovered dividend of 2.6p yields 6.5 per cent at 58p, showing that the market lends some support to the group's prediction.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Bath and Portland, Glass Glover, Investors Capital.

Finals—Equity Consort Investment Trust, H.A.T., Jones Stroud, Lendu Rubber Estates, Magnet and Southerns, R.F.D., Rambia Rubber, Alexander Russell, William Sommerville, United British Securities Trust.

FUTURE DATES

Interim—
Barclays Bank .... Aug 6
Finals—
Acrow .... July 28
Allnatt London Properties .... July 16
Astra Industrial .... July 21
C. H. Industrials .... July 17
Phillips Patents .... July 17
Syltone .... July 17
Symonds Engineering .... July 15
Wintrust .... July 15

Peerless profit more than halved

REFLECTING the recession and lack of demand mentioned at the half-year, pre-tax profit of Peerless, Birmingham-based plastics, electronics, domestic engineering and metals group, dropped from £3.53m to £1.65m for the year to March 31 1981.

Management accounts, however, indicate a more encouraging picture for the current year, the directors say.

Stated earnings per 25p share are down from 21.5p to 10p, but shareholders are to receive a 4.2p final dividend, making 6.3p net as forecast when the group went public in May 1980.

After extraordinary debits of £266,000 (£421,000) and the £814,000 (£129,000) absorbed by dividends, profit retained is £208,000 against £2,224,000 in the previous 12 months.

After CCA adjustments, the pre-tax profit for the year is £1.26m.

The directors state that although they are conscious that not too much significance should be attached to short-term figures, management accounts indicate a more encouraging picture for the current year than might be inferred from the second half of 1980-81.

● comment

Peerless clearly could not have chosen a worse time to come to the market in May 1980. But it has at least managed to pay its forecast dividend, though not covered on a CCA basis, and the shares were steady at 90p last night. The past year was plagued by the poor performance of the water fittings and kitchen furniture division which turned in £169,000 pre-tax profits on sales of £10.5m. The plastics division did well after some trimming with the closure of the small Biopak subsidiary, and there are some interesting developments in foam mouldings to come this year. The metal pressings division, which has been held back by poor demand for brass products, may improve now that Ford Motors has started placing orders for aluminium pressings. Ford could well replace BL in taking up to half this division's output in the near future. Margins were maintained at the electromechanical and electronics division, which earned £400,000 pre-tax on £3.5m sales. The second half performance last year was no better than in the first six months, but the outlook has brightened since March. The dividend looks fairly safe and a prospective yield of 10.5 per cent offers some support but the fully-taxed historic p/e of 14.1 discounts the recovery prospects.

Progress by Murray Northern

Pre-tax revenue of Murray Northern Investment Trust rose from £808,233 to £868,060 in the year to May 31, 1981. The final dividend is raised from 1.15p to 1.25p for an increased total of 1.85p compared with 1.75p. The board is also recommending an unchanged interim dividend of 0.6p for the current year.

There was a higher tax charge of £337,567 (£295,068) leaving attributable revenue up from £513,165 to £530,493.

WINTERBOTTOM ENERGY TRUST

Net asset value per ordinary share of Winterbottom Energy Trust as July 10 1981 was 81.1p after deduction of prior charges at par and 83.9p after deduction of prior charges at market value.

APPOINTMENTS

Group post at Chloride

Mr Jahar Sengupta, managing director of Chloride India, has been appointed a director of CHLORIDE INTERNATIONAL, a UK subsidiary of Chloride Group.

★

Mr Roger G. L. Davidson was appointed a director of Shell Chemicals UK and will be responsible for finance and personnel. He has been with the Shell group for 18 years and was previously treasurer of Shell UK.

★

Mr Douglas E. J. Clothier has been appointed to the Board of ROYAL TRUST BANK (JERSEY). He was formerly general manager of Trustee Savings Bank of the Channel Islands.

★

Major-General F. J. Plaskett is to become director general of the ROAD HAULAGE ASSOCIATION from September 1 in place of Mr G. K. Newman, who retires at the end of August. Major-General Plaskett recently retired as the Army's director general of transport and movements.

★

SEDGWICK NORTHERN IRELAND has been formed and is based in Belfast. Its Board consists of Mr R. D. Rolston (chairman), Mr P. J. Dineen, Mr R. Brierley and Mr G. T. Heard. General manager is Mr A. B. Fleming.

★

Mr Jack Thompson has been appointed assistant director of the NORTH EAST LONDON POLYTECHNIC and Dean of the Faculty of Engineering.

★

Mr Roger G. L. Davidson was appointed a director of Shell Chemicals UK and will be responsible fo r finance and personnel. He has been with the Shell Group for 18 years and was previously treasurer of Shell UK.

★

Sir Gordon Booth has been appointed a director of HANSON TRUST.

★

Mr W. P. Thompson, at present executive director of BL Cars, will be joining CORBERT, of Geneva, on September 1 as vice chairman. Colbert manages property and other investments in Europe, the Middle East and North America. Mr Thompson will continue to reside in London.

★

Three new directors have been appointed to the board of HANOVER ACCEPTANCES. They are Mr F. A. Davies, formerly deputy chief general manager of Eagle Star Insurance Company, Mr W. Green, joint managing director of Dorrington Investment and Mr T. Moross, consultant chartered surveyor to Portmans (Property Consultants). Mr Davies has also joined the boards of Dorrington Investment and Institutional Insurance Brokers.

Dorrington, Portmans and Institutional Insurance Brokers are subsidiaries of Hanover Acceptances.

Mr Angus Lawson has been appointed Dundee regional director for J. AND W. HENDERSON.

★

Mr Christopher J. Taylor has been appointed chief foreign exchange dealer of the London branch of BANCO TOTTA AND ACORES.

★

Sir Donald Barron has been appointed chairman and Sir Charles Carter, vice-chairman, of the JOSEPH ROWNTREE MEMORIAL TRUST. Lord Seebohm has retired from the chairmanship, having held that post for 15 years, and Mr Christopher Rowntree has retired as vice-chairman. Both remain trustees.

Sir Donald, formerly chairman of Rowntree Mackintosh, is vice-chairman of the Midland Bank. Sir Charles, who was vice-chancellor of Lancaster University, is chairman of the research and management committee of the Policy Studies Institute. They have been trustees of the trust for many years.

★

Mr Robert Meggy has been appointed managing director of the BANK OF BERMUDA (GUERNSEY), following the retirement of Mr George E. Davy.

★

Mr Cameron MacFarlane has been appointed property director on the executive management board of KWIK-FIT-EURO, a subsidiary of Kwik-Fit (Tyres and Exhausts) Holdings.

★

Mr Bernard King has been appointed managing director of WHITBREAD WEST PENNINES. He was managing director of White's and Rawlings, a subsidiary.

★

Mr P. G. E. Greenwell, Mr V. W. Griffo, Mr A. W. Hahn, Mrs E. Sam and Mr A. W. E. Scrase have been appointed to the Board of MERCANTILE HOUSE HOLDINGS.

Mr Gordon Brunton, chairman of the Thomson Organisation, has been elected president of the PERIODICAL PUBLISHERS ASSOCIATION. He succeeds Mr Evelyn de Rothschild.

★

Mr G. A. H. Watts has been appointed a director of the ARGUS PRESS HOLDINGS and the Argus Press, members of the BET Group. Mr Watts is a director of the British Electric Traction and chairman of United Transport.

★

Mr John G. Speirs has been appointed managing director of NORSK HYDRO (UK) in succession to Mr Stig Rantsen who has taken over the Norsk Hydro operation in Denmark. Mr Speirs was previously with the National Enterprise Board.

★

Mr J. McNally has been appointed group director, business development, of FMC. He remains managing director, Agricultural Database and becomes chief executive on the board of Lensfield Products, and a director of Lensfield Research and Development.

★

Mr Brian H. Pearce has been appointed chairman of PEARCE GROUP HOLDINGS, parent company of the Pearce Signs Group. He succeeds Mr J. H. G. Pearce who has retired. Mr Fred. R. Allen and Mr Michael E. Short become joint managing directors.

OVERSEAS

Mr George Chan who has held the position with SINGAPORE AIRLINES of senior vice-president for the Americas since November 1978, has returned to head office as deputy managing director. Replacing Mr Chan is Mr Michael H K Tan, who was regional director for Asia. Mr Peter Lai will be regional director, South Asia, and Mr Chew Choon Seng, regional director, North Asia.

★

Mr P. Pixius has been appointed director-general of the ECONOMIC AND SOCIAL COMMITTEE OF THE EUROPEAN COMMUNITIES. Mr Pixius, who is a Luxembourger, has been an official at the ESC since it was set up in 1958. Mr A. Graziosi has become a director.

★

Mr Stephen Day has been appointed Britain's Ambassador to the Gulf State of Qatar.

★

UK COMPANY NEWS

BIDS AND DEALS

Amal. Distilled's £3.2m for unlisted George Morton

AMALGAMATED Distilled Products, the Scottish distilling and battling company, is to acquire George Morton, an unlisted Montrose-based bottling and distributing company, in an agreed bid worth £3.2m.

The entire issued share capital of Morton, which distributes rum under the "OVD" brand name, is to be acquired by way of a cash, shares and convertible loan stock offer worth £14.20p per Morton ordinary share, and 50p per 3.5 per cent preference share.

The offer has been agreed to by directors and other shareholders who control 76 per cent of the ordinary shares of Morton and 32 per cent of the preference shares. The board has agreed to recommend the offer to other shareholders.

The shares of Amalgamated were suspended on the Stock Exchange on July 2 at 86p a share, capitalising the company at £6.5m. The company has requested that the shares remain suspended pending a further announcement.

The company's directors control 3.6 per cent of the equity, Industrial and Commercial Finance controls 12.4 per cent and Barclays Nominees, for M & G Group, holds 9 per cent. Two directors—Mr James Gulliver and Mr Matthew Grant—of the company are also directors of Gullivers Vintners, which owns 10 per cent of Amalgamated.

£125,000 for UCM chief in Arab Asian takeover

COMPENSATION of £125,000 is to be paid to Mr Eric Sosnow, chairman of United City Merchants, the international trading group which is being taken over by Arab Asian Bank of Bahrain in an agreed bid worth £15m.

Compensation payments to Mr Sosnow and other directors are disclosed in the offer document issued by Arab Asian to United City Merchants' shareholders yesterday.

Since the proposed payments are made in connection with the ordinary and preference share offers by Arab Asian, they must be approved by existing UCM shareholders at meetings to be held on July 28.

The offer document says Mr Sosnow's service agreement runs to June 30 1984. He currently receives annual remuneration of £61,266 and has been chairman of the group since 1954.

Mr Sosnow's wife, Mrs S. L. Sosnow, who also sits on the board and receives remuneration of £12,305, will receive compensation of £7,500. She has been a director since 1961.

Two other directors are to receive compensation of £7,500 each.

Arab Asian tells UCM's shareholders that it intends the group's businesses to continue so as to supplement and complement its increasing banking, commodity and international trading interests.

The document discloses that Mr Sosnow will enter into a consultancy agreement with Arab Asian at the rate of £10,000 a year for an initial period of one year "and thereafter for so long as both parties shall agree."

In addition Mr and Mrs Sosnow, who are both leaving the UCM board, will execute a deed of covenant containing an obligation not to compete with the UCM Group in respect of certain activities in specific areas for a given period of time.

Westbrick and Beazer to have merger talks

The board of Westbrick Products has agreed to open discussions with C. H. Beazer (Holdings) in order to establish whether there is any basis for a merger. This follows an announcement made by Beazer on July 10.

A further statement will be made as soon as possible, and in the meantime, shareholders are advised to take no action with regard to their shares.

Beazer, a property development and construction company, purchased 11.5 per cent of the Westbrick capital in rapid buying operation in the Stock Market on Friday. Beazer said it was seeking discussions with the Westbrick board with a view to an agreement on a recommended offer for the rest of the equity at a price equivalent to 75p per share.

This values Westbrick at £3.2m. The Westbrick shares fell 1p to 82p yesterday.

Wates diversifying with £1.5m insurance deal

Wates Group is to expand its operations into the insurance field, with its subsidiary Betworth making an agreed £1.47m cash offer for Charterhouse Magna Assurance.

CMA is a small insurance company with net assets of £600,000. It transacts mainly health and personal accident insurance on the non-life side, with premium income in 1980 amounting to £850,000. Its life fund stands at £3m with most of its life business relating to guaranteed income bonds.

It is an unquoted public company, the main shareholders being Refuge Assurance and Charterhouse Japhet, each of whom hold 22 per cent of the equity. The directors of CMA and other shareholders representing around 65 per cent of the capital are accepting the offer.

Wates, a private company, is in the private house building and contractor business but also has an investment company. This latter division is now expanding into the insurance field. The company considers that the areas in which CMA operate have tremendous growth potential. There is no intention to change the structure of the management of the company.

Subject to approval of the Department of Trade, it is intended to change the name of CMA to Multiple Health and Life Assurance Company.

Benlox Hldgs. buys Protim for £0.3m

Benlox Holdings has entered into a conditional agreement with Minerals Separation, a member of the Foseco Minsep group, to acquire for £300,100, Protim Services, which provides on-site services for damp proofing, eradication of woodworm, wood rot and associated activities.

On completion, Fosroc International—another member of Foseco—and Protim Limited are to enter into a five-year agreement with Benlox and Protim Services, under which they will supply Protim Services with products for on-site damp proofing treatment and remedial treatment of woodwork. Protim Ltd. will provide laboratory analysis and other technical services.

In addition to the purchase price, Benlox will procure payment, on completion, of a £150,000 loan due by Protim Services to Fosroc and will guarantee repayment to Fosroc of an outstanding interest free loan of the same amount, repayable by Protim by December 31 1983.

Benlox will satisfy the consideration out of its existing resources.

For 1980 sales of Protim Services amounted to £3.4m, the attributable profit was £94,000, and net tangible assets were £236,000, after a deferred tax provision of £41,000.

Mr Wasserman to join board of Firth Metals

Mr Ian Wasserman, the former Slater Walker director, is to join the board of G. M. Firth (Metals), the West Yorkshire steel and property group, following the acquisition of an 18.7 per cent stake in the company from Mr Gerrard Leadbeater, the chairman.

On Friday Mr Leadbeater sold a total of 787,272 shares reducing his shareholding in the company from 40.7 per cent to 11.2 per cent. At the same time Mr Wasserman purchased 500,000 shares.

The Firth shares rose sharply in late dealings on Friday, finishing at 80p—a gain of 20p. They moved up a further 8p yesterday to 88p. At this level the company is valued at £2.5m.

Neither Mr Leadbeater nor Mr Wasserman were available for comment yesterday. Mr Michael Butler, a director of Firth, said that as Mr Wasserman had not yet been appointed to the board he was not in a position to say what his plans were for the company. But it is understood that the company may well be looking to diversify its interests following the appointment of Mr Wasserman.

Mr Butler said that Mr Wasserman's involvement with the group had no connection with the statement from Firth in Febrmuary that it was involved in takeover talks with a third party which could lead to a considerable enlargement of the group's operations. That announcement was made then because of a sharp rise in the share price, which had risen to 56p compared with 32p in early January.

Mr Butler said the group had been engaged in talks with two other parties but pulled out because the group's professional investigators were not satisfied with the end result.

LONDON AND LIVERPOOL TRUST

Mr Ronald Shuck, chairman of London and Liverpool Trust, has increased the shares in LLT over which he has control, to 19.6 per cent.

Yesterday he announced matching put and call options over a 3.8 per cent stake in LLT with a group of individuals who had acquired the LLT shares as consideration for the sale of their company, Copy Consultants (Western) to LLT last month.

Now they are proposing to sell the shares to Consult International, which is controlled by Mr Shuck, and holds around 10 per cent of LLT.

Another of Mr Shuck's private interests, Chadwick Investments, has about a 6 per cent stake in LLT, and Mr Shuck has a small holding in his own name.

Once the option is exercised he will therefore control 19.6 per cent of LLT.

Guthrie's £1m African expansion

Guthrie Corporation has entered into an agreement with Booker McConnell for the purchase of Bookers' 79.95 per cent holding in Bookers (Malawi), for about £1m payable over three years.

The balance of the shares will continue to be held by the Malawi Development Corporation.

The agreement is subject to final ratification by the Malawi exchange control authorities.

Guthrie says the acquisition is a further development of its trading and agricultural interests in Africa, and follows the group's policy of extending these interests outside South East Asia.

COOPER INDS. LIFTS STAKE IN F. H. LLOYD

Cooper Industries is continuing its build-up of a stake in F. H. Lloyd, the steel re-roller and engineering group.

Cooper has purchased a further 250,000 shares taking its shareholding up to 6,863,200—equal to 28.52 per cent.

On the London Stock Exchange yesterday the share prices of Cooper and Lloyd were unchanged at 9½p and 36p respectively. At these prices Cooper's stake in Lloyd is valued at £2.47m which compares with a value of £2.94m for the whole of Cooper's equity.

Harris & Sheldon talks

An announcement may be made by the end of this week on the outcome of talks between Harris and Sheldon and an unnamed potential bidder.

Harris, the Warwickshire-based group whose products include Antler luggage, Webley guns and English Rose kitchen furniture, requested a suspension of its share quotation three weeks ago after revealing that talks were going on which "may or may not lead to an offer" being made for the company.

At the suspension price of 32p the company is valued at £12.8m.

Mr Robert Davenport, of S. G. Warburg, said yesterday that the talks were continuing "in a very friendly fashion." He did not expect a conclusion to be reached before the end of the week.

Mr Davenport added that he had asked the Stock Exchange to investigate the circumstances surrounding two call options written in the Harirs stock in the week prior to the announcement of the bid talks.

Assets of the group at December 31 1980 stood at £22.5m — equal to 56p per share. Pre-tax profits for the year showed a fall from £4.5m to £3.1m, on sales of £48.3m (£45.5m).

The directors control 5.8 per cent of the company's shares. The only other large shareholder is Britannic Assurance which holds 11.6 per cent.

HAMPTON GM AREAS

Hampton Gold Mining Areas has been advised that CCP North Sea associates beneficially owns 700,000 shares (5.02 per cent).

IMI to buy U.S. valve company

IMI the midlands-based metal refining fabricating and slide fasteners group has reached agreement in principle to acquire Control Components International, a division of Babcock and Wilcox, a subsidiary of McDermott Inc.

Control Components, based in Irvine, California, is engaged in the design manufacture and sale of process control valves for the energy and hydrocarbon processing industries.

The Irvine plant will also be developed by IMI as a U.S. base for the manufacture of IMI's existing special-purpose valves including Mapegaz ball valves and Bailey-Birkett safety relief valves.

The present selling organisation for these valves in North America will be significantly strengthened with the addition of CCI's distribution network, the company said.

Current turnover of CCI exceeds U.S.$20m. The price of the deal was not disclosed.

MARTIN/BIERBAUM

The merger between R. P. Martin, the money broker, and Bierbaum, its counterpart from West Germany, was signed yesterday and now awaits the consent of Martin's shareholders at a special meeting.

Both companies, if shareholders approve, will end with controlling stakes in each other but Bierbaum will have a higher interest in Martin, amounting to 62.4 per cent. Martin will have 55 per cent of Bierbaum.

Baker Perkins in U.S. $8m bakery machinery project

Construction of a U.S.$8m factory at Goldsboro, North Carolina, U.S., to supply the North American bakery machinery home and export markets, has been authorised by directors of Baker Perkins Holdings.

The factory and the relocation of marketing and design offices from Saginaw, Michigan, will give the opportunity to increase the company's share of the U.S. bakery machinery market. And it will reverse the downward trend in profit which has resulted from the increasingly high costs of manufacture in an area dominated by the Detroit automobile industry, the directors state.

The Saginaw plant, which the company acquired in 1920, will be used primarily for the manufacture of chemical machinery, the profitability of which was depressed by a strike last year.

The project will be financed by industrial revenue bonds.

As reported on June 26, a sharp drop in UK trading profits left the group's pre-tax surplus £4.42m down at £2.03m, for the year ended March 31, 1981. The dividend is cut from 6.45p to 5.1p per share.

In their report with the accounts the directors say that orders of packaging machinery, particularly for the confectionery industry, continued at a low level during the year. The Rose Forgrove factories concerned are continuing to operate at levels well below capacity, working only three and four days a week.

"Over the past two years the decline in profitability of packaging machinery has been an important factor in the fall in total profits from food machinery," they state.

They add, however, that there are signs of improvement with orders for tea packaging machinery from Russia amounting to £6.5m.

Sales were down in the chemical machinery sector mainly due to the fall-off in demand in the U.S. market, but there has been some improvement in recent months in orders, and the board hopes for a recovery in profit during 1981-82.

As at March 31, the group's balance sheet shows fixed assets of £22.84m (£21.5m), shareholders' funds £46m (£48.1m), and net current assets of £27.36m (£28.5m). There was a £2.51m increase (£8m decrease) in net liquid funds.

On a CCA basis pre-tax figure is a £2.4m loss (£1.07m profit).

Meeting, Hyde Park Hotel, on August 6, at 11.45 am.

SECURITY CENTRES

Providing a strong base for the expansion of the group's business in the Greater London area, Security Centres Holdings is purchasing Advanced Burglar Alarm Holdings for £750,000.

The consideration will be satisfied by the issue of 500,000 shares, valued at 90p each, and a cash payment of up to £300,000.

This is subject to reduction if the attributable profits of Advanced Burglar Alarms do not exceed £82,500 for the April 30 1981 year, and if the net attributable assets are not more than about £720,000.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	14 %
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12¼%	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½%
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.

† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.

‡ Call deposits £1,000 and over 9%.

§ Demand deposits 9½%.

‖ 21-day deposits over £1,000 10½%.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	7	27 A	30	47 A	—	—	$413
GOLD C	$425	7	15 A	—	—	10	51 A	"
GOLD C	$450	10	6 A	4	21 A	—	—	"
GOLD C	$475	—	—	1	15	22	26	"
GOLD C	$500	—	—	2	8	—	—	"
GOLD C	$550	—	—	10	4	—	—	"
GOLD P	$400	1	13	14	18	8	20.50	"
GOLD P	$425	—	—	5	24	1	29	"
GOLD P	$450	—	—	2	35 B	—	—	"
GOLD P	$500	10	85	—	—	—	—	"
		July		Oct.		Jan.		
ABN C	F.300	—	—	10	14	—	—	F.302.50
ABN C	F.320	—	—	11	4.10 B	—	—	
AKZO C	F.17.50	11	7.50	—	—	—	—	F.25.80
AKZO C	F.20	22	5	—	—	—	—	"
AKZO C	F.22.50	57	2.60	—	—	—	—	"
AKZO C	F.25	66	0.30	144	1.80	45	2.90	"
AKZO C	F27.50	—	—	85	0.90	39	1.40	"
HEIN P	F.50	—	—	10	2.70	—	—	F.48.70
HOOG C	F.17.50	30	1	—	—	20	3.60	F.18
HOOG C	F.20	—	—	—	—	21	2.30	"
HOOG C	F.22.50	—	—	10	0.70	—	—	"
KLM C	F.90	10	14.20 B	—	—	—	—	F.103.50
KLM C	F.100	68	6.50 B	9	14.50	—	—	"
KLM C	F.110	304	1.40	61	11	—	—	"
KLM C	F.120	190	0.40	73	7.30	10	11.50	"
KLM C	F.130	—	—	95	5.50	—	—	"
KLM C	F.140	—	—	36	3.30 B	—	—	"
KLM C	F.150	—	—	35	2	—	—	"
KLM P	F.70	—	—	30	0.70	—	—	"
KLM P	F.90	280	0.30	28	3.50	—	—	"
KLM P	F.100	225	2.50	91	6	—	—	"
KLM P	F.110	113	7.20	56	11.50	—	—	"
KLM P	F.120	53	16.60	48	17.90	7	15	"
KLM P	F.130	15	27 A	—	—	—	—	"
NATN C	F.110	21	4.90	11	7.40	—	—	F.114.30
PHIL C	F.17.50	26	4.80	—	—	—	—	F.22.10
PHIL C	F.20	65	2.30	50	3.40	—	—	"
PHIL C	F.22.50	146	0.10	174	1.80	96	2.80	"
PHIL C	F.25	—	—	103	0.90	135	1.30	"
PHIL C	F.27.50	—	—	50	0.50 A	133	0.90 A	"
PHIL P	F.20	—	—	—	—	25	0.40	"
PHIL P	F.22.50	60	0.50	75	1.30	61	1.60	"
PHIL P	F.25	—	—	24	2.80	25	2.80	"
RD C	F.80	36	10 B	50	13	—	—	F.90.40
RD C	F.90	479	1.30	107	5	32	6.50	"
RD C	F.95	110	0.30	—	—	—	—	"
RD C	F.100	160	0.10	338	2.30	67	2.80	"
RD C	F.110	—	—	129	0.90	—	—	"
RD P	F.80	—	—	67	1.80 A	—	—	"
RD P	F.90	107	1.50	—	—	—	—	"
RD P	F.95	13	6	—	—	—	—	"
RD P	F.100	—	—	10	12 A	—	—	"
		Aug.		Nov.		Feb.		
VEBA C	DM.130	20	8.70	—	—	—	—	DM.[illegible]

TOTAL VOLUME IN CONTRACTS 5549

A=Asked B=Bid C=Call P=Put

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	1980-81 Low	Company	Last price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
100	100	ASI Hldgs. 10pc CULS	109	—	10.0	10.0	—	—
76	39	Airsprung	66	—	4.7	7.1	10.5	14.9
52	21	Armitage and Rhodes	47	—	1.4	3.0	19.2	44.8
200	92½	Bardon Hill	197xd	—	9.7	5.1	9.6	11.7
104	88	Deborah Services	100	—	5.5	5.5	5.0	9.4
128	88	Frank Horsell	100	−1	6.4	6.4	3.1	5.7
110	38	Frederick Parker	66	—	1.7	2.6	28.7	—
110	64	George Blair	64	—	3.1	4.8	—	—
113	59	Jackson Group	113	—	7.0	6.2	3.8	8.0
130	103	James Burrough	129	—	8.7	6.7	9.4	11.8
334	244	Robert Jenkins	314	—	31.3	10.0	—	—
59	50	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
224	194	Torday	194	−1	15.1	7.8	7.5	12.2
23	8	Twinlock Ord.	14¼	—	—	—	—	—
90	68	Twinlock 15pc ULS	78	—	15.0	19.2	—	—
55	35	Unilock Holdings	40	—	3.0	7.5	6.2	9.8
103	81	Walter Alexander	100	−1	5.7	5.7	5.5	8.8
263	181	W. S. Yeates	246	−1	13.1	5.3	4.7	8.6

Paul Betts looks at the background to the merger fever which has gripped the U.S. oil industry

Conoco at the eye of a multibillion dollar storm

THE STAGE was set here yesterday for the biggest takeover battle in history. With Mobil Oil entering the fray, four multi-billion dollar corporations backed by more than $20bn of liquid assets are poised to start an unprecedented bidding war for Conoco, the ninth largest U.S. oil company.

Mobil, the second largest U.S. oil company, with sales of $59.5bn in 1980, emerged yesterday as the latest candidate in the Conoco auction when it disclosed it was negotiating a huge bank loan with a syndicate of banks, led by Citibank, as a first step in making an offer for Conoco.

The other bidders include Du Pont, which yesterday completed arrangements for a $3bn bank loan to finance the cash portion of its $6.9bn bid for Conoco; and Seagram of Canada, which has just increased its bid for Conoco and which negotiated a $3bn Eurocredit last Christmas.

Texaco, which has yet to show its hand, is arranging a $5.5bn Eurodollar borrowing and has already held talks with Conoco.

But the battle for Conoco is only the tip of an iceberg which could eventually change the entire pattern of ownership of U.S. oil and other natural resources. Other major oil companies and one chemical company with large oil and gas interests, Allied, have been positioning themselves for major acquisitions by arranging multi-billion dollar credit lines. Others again are also arranging bank loans to defend themselves from possible raids by larger cash-rich companies.

This is a remarkable turn of events. At a time of near record high interest rates, oil companies are borrowing at an unprecedented level to finance an equally unprecedented wave of takeovers in the industry.

Barely six months ago, what is now happening in the U.S. oil industry would have been unthinkable. The high level of interest rates was expected to put a damper on U.S. corporate takeovers. Although many oil companies returned to the U.S. debt market for the first time in two years at the beginning of this year, these borrowings were largely designed to finance long-term capital expenditure programmes.

But then something very dramatic started to happen to oil stocks. The international oil glut, declining earnings as a result of the slump in oil companies' downstream operations and a general feeling by investors that the golden age of the oil stocks was over have all contributed to send prices of oil shares shooting down.

The fall has been dramatic. Most major oil groups have seen their share prices decline by an average of 40 per cent in the past six months. After leading the stock market at the beginning of last year, they suddenly became the black sheep, and to a large extent, the sharp drop in the price of oil stocks is responsible for the wave of oil takeovers and mergers.

"The institutional investors sold off the oil stocks because of some short-sighted idea that the oils were a bad deal because of the oil glut," Mr Bruce Lazier, oil analyst for the Wall Street investment house of Paine Webber, remarked." And at these prices, oil companies can acquire through a takeover new oil and gas reserves more cheaply than going out and finding new oil themselves."

For Mr Lazier and most Wall Street oil industry analysts, the decision of institutional investors to give the boot to the oils will probably turn out to be short-sighted. First, no one in the industry believes that the oil glut will last for ever nor that oil prices will continue to fall as they have done in past months. But for oil groups and other companies seeking to expand in, or enter, the oil market, the present situation provides an unequalled opportunity.

Two years ago, U.S. oil and gas interests were selling for a premium. When Seagram sold its U.S. oil and gas interests to Sun Oil last year for $2.3bn, Sun paid the Canadian drinks group about $12 for every barrel of Seagram oil it was acquiring underground. Shell Oil paid about $10 a barrel when it bought the Belridge Oil Company two years ago in a $3.65bn deal which at the time was the biggest U.S. acquisition on record.

However, in the latest bidding war for Conoco, the candidates are effectively offering to pay for a bottle of Chateau Margaux the price of a bottle of decent, but not particularly outstanding claret. Conoco has 2bn barrels of oil reserves, 7 trillion (million, million) cubic feet of gas and, with 14.3bn tons of coal reserves, it is the second biggest coal producer in the U.S. Even with Du Pont's $6.9bn bid for Conoco, the chemicals company would end up acquiring large quantities of oil reserves for a bargain price of around $3 a barrel underground.

Thus, it is hardly surprising that other major companies are eyeing Conoco. Apart from Texaco and Mobil, there are other cash-rich oil groups. Among others, Standard Oil of California has so far failed in a $4bn bid to take over Amax, and could well decide to enter the battle for Conoco.

Moreover, Conoco is also a prime example of how unpopular oil stocks have recently been among the investment community.

But even before Conoco became the takover target, the seeds of the unprecedented merger activity in the U.S. oil and natural resources sector had been sown.

The oil companies have been seeking for some time to invest the huge cash profits they have made in the past two years. Their first target this year were mining and minerals companies which would expand the natural resources base of the large integrated oil companies. Again, the oil companies turned their attention initially to minerals and mining companies because they were generally undervalued by the market. This led to the bids for St. Joe Minerals, Amax and Kennecott. But then, oil stocks themselves became so undervalued that attention started turning to possible takeover candidates among the oils themselves. And this was further encouraged by the apparently more relaxed aprpoach to anti-trust problems by the Reagan Administration.

For companies like Texaco, number three in the U.S. oil league, and Mobil a unique opportunity had opened in the market. Both companies have for some time sought to increase their declining U.S. domestic oil and gas positions.

With such might predators in the market, a number of relatively smaller oil companies have started to panic. They see themselves as potential takeover candidates by U.S. oil groups or foreign companies—Elf Aquitaine of France, last week made a successful $2.7bn bid for Texasgulf.

What worries these companies is that candidates to take over Conoco might well decide to bid for another company should they aifl. So Pennzoil has just negotiated a $2.5bn credit arrangement with a syndicate of major banks—a sum which is equal to the company's current market capitalisation—and Marathon Oil also confirmed yesterday that it was putting together a sizable bank loan to defend itself from a takeover. Other strategies by such oil companies are spin-offs and the setting up of trusts incorporating large chunks of assets to raise liquidity up to the value of the company's stock and to make a takeover more difficult.

In the face of all this unprecedented activity, major changes are likely to take place in the shape of the U.S. oil industry as a whole, but the frantic atmosphere of a cattle auction now developing is bound to raise a major political controversy and some strong public concern in the U.S. Already there are signs that the old anti-trust enforces are squaring up for a major battle with the new Reagan anti-trust liberals. But whatever happens, the U.S. oil industry will clearly emerge from the current takeover turmoil as a greatly changed animal.

DU PONT: Merger agreement approved by Conoco board. Du Pont has offered to buy 100 per cent of Conoco paying $87.50 a share in cash for 40 per cent of Conoco stock and 1.6 shares of Du Pont common, worth $75.60 at Friday's stock market close, for each of the remaining 60 per cent shares. This gives the offer an overall value of $6.9bn and an average cash-stock price of $80 a share for each Conoco share.

SEAGRAM: Its latest hostile bid involves an offer to buy a 51 per cent majority interest in Conoco for $85 a share in cash. The bid expires on July 24 and has an overall value of $3.77bn. As the Du Pont bid must still be approved next month by the chemicals company's shareholders, Conoco stockholders might be tempted to tender out their shares to Seagram, which is offering a higher price

TEXACO: It is believed to have offered $85 a share in cash for all Conoco common stock. But while Texaco and Conoco discussed a possible merger, the Conoco board subsequently approved the Du Pont merger proposal. Texaco is now preparing a $5.5bn Eurodollar borrowing. It also has more than $3bn in cash and liquid assets. Texaco could be in a position to offer $90 a share for Conoco common.

MOBIL: The company confirmed yesterday it was negotiating a substantial bank loan. It has about $2bn in cash and liquid assets. Mr Rawleigh Warner, the chairman, said yesterday: "We know Conoco and the business it operates. Barring any governmental restraint, it now appears that Conoco will be sold. Preliminary studies indicate that a Mobil-Conoco merger would not create difficulties."

Takeover binge could embarrass Reagan

BY DAVID LASCELLES IN NEW YORK

THE STAGGERING proportions of the takeover battle now looming over Conoco and other possible targets could prove politically embarrassing to President Ronald Reagan, and is bound to raise questions about the more lenient anti-trust policy he has established.

Political action groups representing consumers and small businesses have already mobilised a campaign to alert Congress and the public at large to what they perceive to be the dangers in such massive concentrations of corporate power. They also object strongly to these corporations' ability to raise billions of dollars in bank credit to fight their takeover battles at a time when individuals and corporations carrying less clout can scarcely borrow any money at all because of the record high levels of U.S. interest rates.

The enry of Mobil, and possibly Texaco, into the fray would be particularly controversial because a merger of either of these with Conoco would create a company nearly the size of Exxon, the largest oil company in the world.

The merger might also be harder to justify since it would be "horizontal": it would simply create a larger oil company. It would bring few of the "vertical" benefits of a merger such as that proposed between Conoco and Du Pont, the chemicals group, in which the companies' operations would arguably complement each other, producing efficiencies which might benefit the consumer.

But the mergers are also a potential embarrassment to Mr Reagan's energy policy. When he scrapped the remaining controls on oil prices a few days after coming to power at the beginning of this year, he did so on the grounds that the oil industry needed a bigger cash flow to finance the domestic oil and gas exploration which would eventually reduce the country's dependence on imports.

But though oil companies have sharply increased their exploration spending, they now seem to be diverting these extra profits from oil decontrol into financing an unprecedented takeover binge which will not result in any more oil wells being drilled, and is likely to benefit only Conoco's shareholders.

According to a study recently produced by Energy Action, a Washington-based consumer lobby group, oil decontrol has brought the 16 largest U.S. oil companies some $29bn in extra cash flow. Of this, the study estimates, about $10bn has been spent on acquiring and exploring land in the U.S. and abroad. But $11bn has been spent on non-oil acquisitions.

A spokesman for the organisation said yesterday: "We find all this deeply disturbing from both an economic and political point of view."

Lobbyists are particularly worried that neither the Justice Department nor the Federal Trade Commission, who are supposed to police the anti-trust acts, will mount an effective challenge to these takeovers under their Reagan-appointed bosses.

Although neither agency had any immediate comment about yesterday's developments, they are reportedly trying to decide which of them should look into the Du Pont-Conoco deal.

An indication of how Reagan Administration officials are likely to view these takeovers came yesterday when Mr John Shad, the new chairman of the Securities and Exchange Commission, was quoted as saying that he believed corporate takeovers resulted in a "net economic gain by and large." Generally, the new Administration has taken the position that takeovers in themselves are not bad, provided they do not result in a loss of competition. Previous Administrations have tended to interpret the anti-trust laws very broadly, and have argued that size alone is enough to justify an anti-trust challenge.

FTC approached on Elf-Texasgulf bid

BY OUR NEW YORK STAFF

AN OBJECTION to Elf Aquitaine's $2.74bn bid for Texasgulf, the Connecticut-based energy and mining company, has been raised by International Minerals and Chemicals, of Illinois, a large producer of basic chemicals.

In a submission to the Federal Trade commission, the company said the merger might violate the Clayton Anti-trust Act, which outlaws restraint on trade.

Texasgulf supplies sulphur to International Minerals to make fertiliser. But the company is apparently concerned that Elf may divert sulphur and other fertiliser ingredients to France and deprive it of its supplies.

It is not yet known how the FTC will treat the proposed acquisition, which will mark a major step forward by the French company into hte U.S. market.

Elf said yesterday that the compulsory waiting period under U.S. takeover law had expired and that it now proposed to go ahead with the acquisition of Texasgulf.

Whirlpool earnings trebled

By Our Financial Staff

WHIRLPOOL CORPORATION, a leading U.S. producer of home laundry equipment, refrigerators and air conditioners, has almost trebled profits in the second quarter.

Net earnings came out at $36.1m for the period against $12.3m previously, with the jump achieved on an increase in sales of almost 50 per cent from $511.9m to $736.5m. Per share profits came to $1 against 33 cents.

The company attributed the growth in first halm profits—which were ahead from $34.6m to $67.7m—to improvement at its Brazilian affiliates, higher levels of interest income and some improvement in the relationship between costs and prices.

The company expects to show improvements in operating results for the full year, although the first half growth will not be maintained in the closing six months. For 1980 net profits at Whirlpool were $102m on sales $2.24bn.

Flat second-quarter earnings for IBM

BY PAUL BETTS IN NEW YORK

INTERNATIONAL BUSINESS MACHINES (IBM) reported yesterday a modest increase in second-quarter earnings in line with the company's recent trend of flat quarterly earnings.

Although second-quarter income increased to $804m compared with $764m in the second quarter of last year, the profit included a foreign exchange gain of $52m compared with a gain of $1m the year before.

The company said the gains were principally unrealised and resulted largely from the translation of assets and liabilities recorded or denominated in currencies other than the dollar.

For the first six months of the year, IBM net earnings totalled $1.53bn compared with $1.45bn in the first half of last year. Gross income rose from $11.93bn to $13.36bn in the first half. Mr John Opel, president, said the company experienced exchange gains of $79m in the first half compared to losses of $29m in the same period last year.

Mr Opel warned that should the dollar continue its relative strength for the rest of the year, "there could be a significant negative effect on period-to-period comparisons."

NCR, also one of the major business information processors, has suffered a fall of 8.3 per cent to $5[illegible].3m in first half earnings, and the company said yesterday that earnings for the full year are unlikely to surpass those of 1980, when the group earned $255m.

The company blamed the profits setback on the effects of currency translations. If foreign currencies had remained at last year's levels, said the directors then the second quarter, which turned in an 8 per cent fall in profits would have been characterised by good revenue growth and a gain in net income.

Control Data, the Minneapolis based supplier of computer equipment and services ended the first half of the year with a 13 per cent gain to $83.6m in net earnings with sales 9.3 per cent higher at $1.98bn. The board said that computer business had shown a 27 per cent increase in the second quarter but this had been partially offset by a decline in profits at its Commercial Credit subsidiary.

Greek utility pays ¼% over Libor

BY FRANCIS GHILES

DETAILS EMERGED yesterday of the $30m floating rate note issue to 1993 being arranged for the Public Power Corporation, a Greek State-controlled utility, through Chase Manhattan Ltd. The borrower is paying a coupon of ¼ per cent over the six month London inter bank rate with a minimum interest rate of 5¼ per cent.

On the convertible front, Tokyo Sanyo Electric Company is arranging a $30m convertible to 1996 which carries an indicated coupon of 5¾ per cent and a conversion premium which is expected to be 5 per cent. Joint lead managers of this issue are Merrill Lynch, Yamaichi and Daiwa.

Fixed interest dollar bonds moved up by about ¼ points

In the Swiss franc bonds sector, where prices of seasoned issues edged up by ¼ points yesterday, the volume of trading remains very small. One public an dthree private bond issues are currently being arranged. Dome Petroleum, the Canadian-based company is arranging a SwFr 100m nine year public bond issue through, Credit Suisse, which carries an indicated coupon of 7¼ per cent.

Bayerngas meanwhile is completing a SwFr 20m five year private placement through Credit Suisse. The borrower is paying a coupon of 7¾ per cent and a price of par. The same bank is arranging two other private placements, one of SwFr 150m for the World Bank and one of SwFr 100m for the Japanese company, Sharp Electrical.

OECD's FINANCIAL MARKET TRENDS

Pace of new Eurocredit issues sustained

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE EUROCREDIT market managed to sustain a sharp increase in new business during the first half of this year without any appreciable hardening of terms for borrowers, according to the latest figures published by the Organisation for Economic Co-operation and Development (OECD).

New lending in the first half was running at an average annual rate of $79.3bn, compared with only $62.3bn in the same 1980 period. The average size of individual loans also rose by about $20m to just over $100m.

True, average spreads have increased to just over 0.7 per cent from just below this level in the same period of last year, while loan maturities have also come down slightly. But these averages tend to reflect the relative mix of borrowers in the market at any one time and developing countries have borrowed much more this year than in the first half of 1980.

Part of the reason for the higher overall borrowing, the OECD says in its latest Financial Market Trends, lies in the continuing availability of Euromarket liquidity arising from the cash surplus of oil-exporting countries.

INTERNATIONAL CAPITAL MARKET BORROWING
($bn annual rate)

	1980 1st half	3rd qtr	4th qtr	1981 1st qtr	2nd qtr
Total	100.1	115.3	150.3	104.3	132.1
of which: Bonds	37.8	34.6	41.9	35.7	42.1
Completed credits	62.3	80.7	108.4	68.6	90.0
OECD borrowers	59.0	65.6	92.4	62.1	74.6
Non-oil LDC borrowers	24.1	28.0	39.4	30.8	40.9
Comecon	1.9	2.6	4.4	2.5	2.2
Opec	5.6	11.1	4.2	3.4	7.3

In addition there are signs of increasing competition in the Eurocredit market, it says, as Arab and Japanese institutions step up their activities.

All these factors combined prompt the OECD to suggest that market conditions in the first half of the year remained "relatively titled in favour of borrowers."

It goes on, however, to point out that the underlying position is not quite so clear-cut.

Quite apart from the high level of interest rates (which do not affect conditions in the Eurocredit market itself but have pushed up overall costs for borrowers), it says that the increased use of prime rate instead of Eurodollar rates as a reference for loan margins has proved especially lucrative for lenders—and correspondingly expensive for borrowers.

This may have been sufficiently important to prevent borrowing terms from rising in the face of the increase in credit demand.

For the second half of the year demand for credit is expected to remain buoyant. Total borrowing through bonds and credits in international capital markets this year is expected to rise to between $125bn and $130bn, compared with only $116bn in 1980. The forecast was prepared before last week's unprecedented wave of U.S. corporate Eurocredits.

The flow of OPEC investment funds is expected to slow, given the current weakness of oil prices. But this should be offset at least partly by the reinvestment of interest income in the Euromarkets. There is thus little prospect of margins for top quality borrowers increasing.

Concen about the creditworthiness of some lesser ranking names, which has been accentuated by Poland's attempts to reschedule its commercial bank debt, may, however, result in greater differentiation between individual credit risks, with the result that there could be some upward pressure on overall average spreads.

Commenting on the international bond markets, the OECD notes that new issue levels in the first half were running at an average annual rate of some $38.9bn, only $1bn higher than in the same 1980 period.

But there has been a marked distribution shift between the individual sectors of the market, with dollar issues accounting for 56.3 per cent of new business compared with only 42.2 per cent in the same period of 1980.

The share of D-Mark issues slumped to 3.1 per cent from 25.2 per cent and there were no French franc issues at all in the second quarter, while the first half share of sterling bonds rose to 5 per cent from 2.7 per cent in the first half of 1980.

The higher level of U.S. dollar-denominated issues reflects both a pronounced rise in the issue of floating rate notes and a sharp pick-up of business in the Yankee market, where Canadian borrowers more than doubled their offtake to an annual rate of $3.8bn.

For the future, an increased share of the international bond markets in total capital market business is heavily dependent on an end to the recent volatility of market conditions which in turn requires an easier and more stable trend for U.S. interest rates.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday August 13.

Closing prices on July 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¼ 86 (WW)	55	98⅞	99⅜	+0⅛	−0¼	15.42
Amoco 13¾ 88	75	92¾	93¼	−0⅞	−1¼	14.95
CIBC 14½ 84	185	97½	98	+0⅛	−0⅞	15.48
CIBC 15¾ 86	75	99½	100	+0¼	+0¼	15.32
CNA 15¾ 86	75	97⅜	97⅞	+0¼	−0⅜	15.70
CNE 12¾ 91	100	87⅞	88⅜	+0⅛	−0½	15.13
Citicorp O/S 12 87	200	88¾	89¼	+0¼	−0⅞	14.77
Citicorp O/S 15½ 84	175	100⅛	100⅝	+0⅛	0	15.30
Dupont Canada 13½ 91	65	93⅜	93⅞	+0¼	−0⅞	14.74
EIB 12¾ 89	75	88	88½	+0⅛	−0⅜	15.41
Eldorado 13¾ 86	50	92¾	93¼	−0⅛	−1¼	15.39
Elec. de France 13 88	125	91⅛	91⅝	+0¼	−0⅜	15.12
Export Dv. Cpn. 9½ 86	150	81⅝	82⅛	+0½	−0⅜	15.30
Fed. Bs. D. 12¾ 85 (N)	50	91⅛	91⅝	+0½	−0¼	15.03
Fed. Bs. D. 15¾ 84 (J)	40	100⅞	101⅜	+0⅜	+0⅜	15.21
Fin. Exp. Credit 10½ 85	50	85⅛	85⅝	+0⅛	0	15.72
Finland, Rep. of 9½ 86	100	80	80½	0	−0⅜	15.73
Ford Cr. O/S Fin. 16 84	150	100⅜	100⅞	+0⅜	−0⅜	15.55
Ford Cr. O/S Fin. 16 85	150	98	98½	+0⅛	−0⅜	16.62
Gaz de France 13½ 88	80	94⅛	94⅝	+0⅛	−0½	15.20
GMAC O/S Fin. 12⅞ 88	100	90¾	91¼	+0¼	+0⅜	15.08
GMAC O/S Fin. 14¾ 87	100	97¼	97¾	+0⅛	−0¼	15.41
Gen. Mts O/S 11⅜ 87	100	87¼	87¾	0	−0½	14.95
Genstar 14½ 91	50	98⅜	98⅞	+0⅛	+0⅛	15.01
GTE Fin 13¾ 86 (WW)	50	96⅞	97⅜	−0¼	−0⅜	14.59
Hiram Walker 16 86	50	102⅜	102⅞	+0¼	−0¼	15.17
IBM Wld. Trade 12½ 88	200	94⅞	95⅜	+0¼	−0⅞	13.62
IBM Wld. Trade 14⅜ 84	100	101⅛	101⅝	+0⅛	+0⅜	14.11
Nat. Bk. Canada 15¾ 84	40	98¾	99¼	+0¼	+0⅛	15.67
Newfoundland 13½ 90	60	92⅛	92⅝	+0⅜	−0⅛	15.10
Nova Scotia 15 91	75	97⅝	98⅛	+0⅛	−0¼	15.42
Ontario Hydro 13½ 91	100	93¼	93¾	+0⅛	0	14.75
Queb. Hy. 13 91 (WW)	100	88	88½	−0¼	−1⅛	15.38
Royal Bk. Canada 14 86	100	97⅜	98⅛	0	−0⅜	14.80
SNCF 13 91	75	90¾	91¼	+0⅛	0	14.77
Sth. California 14 87	50	96⅝	97⅛	0	−0⅜	14.76
Sth. California 14¾ 88	60	98½	99	+0⅜	+0⅜	15.04
Sven Handlsbk. 13¾ 88	45	92	92½	+0⅛	−0⅜	15.64
Swed. Ex. Credit 13 86	75	91⅛	91⅝	+0¼	+0⅜	15.68
Swed. Ex. Cred. 15¾ 86	50	99¾	100¼	+0⅛	−0⅜	15.71
Toronto-Dom. Bk. 14 84	50	96¼	96¾	0	−0¼	15.57
Tribune O/S Fin. 14 86	50	95	95½	+0⅛	−0⅞	15.44
Wells Fargo Int. 15⅞ 84	50	100⅜	100⅞	+0¼	−0⅜	[illegible]
World Bank 10⅝ 87	300	81⅞	82⅜	+0¼	+0¼	[illegible]
World Bank 14⅜ 86	500	96½	97	+0⅛	+0⅜	15.35

Average price changes... On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Change on day	Change on week	Yield
M Bk. Dnmk. 9 91 EUA	25	86⅝	87⅝	+0⅛	−0¼	11.21
SOFTE 8¼ 89 EUA	40	86½	88	0	−0⅜	10.72
U. Bk. Nwy. 9½ 90 EUA	18	94	95¼	−0¼	−0⅜	10.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

MODERNISATION GATHERS PACE

Bitter medicine for Spanish banks

BY ROBERT GRAHAM IN MADRID

THE PROCESS of modernising the Spanish banking system is gathering speed painfully, as two different incidents have shown.

The more recent was the collapse last week of Banco Occidental and its affiliate Comercial Occidental, with total deposits of more than $600m. It was the biggest failure since the Spanish banking crisis began in 1978. The bank's difficulties stemmed essentially from the banking authorities' efforts to introduce far more rigorous operational norms and from its own inability to cope with recession.

The second incident was the purchase of the ailing Banco Lopez Quesada by France's Banque Nationale de Paris after an abortive campaign by the large Spanish banks to block the sale to a foreign owner. Even two years ago it would have been impossible for a foreign bank to have bought a Spanish bank if the big local banks had resisted.

Two modernising elements are at work: the need to sharpen management and improve Spanish banking practice in order to cope with squeezed margins and the problems of recession; and the increased competitiveness within the system as it is gradually liberalised. The catalyst for this competitiveness has come from the entry of foreign banks into the Spanish market in 1979. There are clear signs, too, that the gentlemen's agreement operated of old by the big seven commercial banks—which dictated a whole range of bank attitudes and actions—is disintegrating.

This was evident in the case of Lopez Quesada. Three of the big seven—Bilbao, Hispano-Americano and Santander—all sniffed at this bank after it had been taken over by the "bank hospital" the Corporacion Bancaria. However, it was BNP which made the offer.

At the very last minute, when it was realised that BNP would get the convalescent bank, the big Spanish banks attempted to put in their own bid. Having failed to bid for Banco de Valladolid in December (and thus opening the way for Barclays to acquire it), the idea of further foreign penetration was too much. Yet the banks could not agree among themselves and had no clear idea of what they wished to do.

Sr Alvarez Rendueles, governor of the Bank of Spain

For the more traditional banks such as Banesto, it was a crude and chauvinistic attempt to maintain things as they were. Others were prepared unenthusiastically, to support Banesto.

Finally Hispano and Vizcaya were in almost open disagreement with the scheme. They argued that if a foreign bank was prpared to pay a high price to operate in Spain, and in doing so removed a troubled local bank, objections were pointless. BNP is paying Pta 3.5bn ($35.6m) cash for the shares alone. The Spanish banks offered to buy at a symbolic price!

The spectacle of this disagreement has been deeply damaging to the big bank's image. So, too, has been the revelation that the big banks' package bid to take over Lopez Quesada and another small ailing bank, Meridional, was Pta 8bn ($81.5m) less than BNP's offer for Lopez Quesada and a separate offer by Vizcaya for Meridional.

The stronger presence of foreign banks in Spain has led to an increasing need to modernise. Part of the price was the recent collapse of one of the smaller Spanish banks and an easing of the gentlemen's agreement among the big seven which had tended to squeeze out foreign competition.

This made it impossible for the Bank of Spain even to contemplate acceptance of the "Spanish" offer, had it done so, the central bank would have lost a good deal of standing. As it is there was a feeling among some bankers that the low "Spanish" offer was a disguised challenge to the Bank of Spain, whose liberal attitude is mistrusted by the old guard.

If so, then the strategy came badly adrift. Under its governor, Sr Jose Ramon Alvarez Rendueles, the Bank of Spain has emerged with reinforced authority and independence — something which can only benefit the banking system as a whole.

Just as important the conflicts of generations within the banking hierarchy have been exposed. The division is increasingly sharp between those banks which have seen "palace revolutions" of the younger generation taking over and those where older executives still prevail. Younger people have taken over at Hispano, Bilbao and Vizcaya.

But at the biggest and most powerful banks, Banesto and Central, this is not the case—especially so at Banesto, which is run by 84-year-old Sr Jose Maria Aguirre. The old guard have resorted to all sorts of backstage pressures to keep the system as it was. Their pressures played an important part in blocking Citibank's move earlier this year to buy into the Mapfre group of leasing companies. These pressures have been evident in moves to block foreign banks from using new devices such as floating rate peseta loans, or to block foreign banks from moving in on traditional areas of business such as loans to the utilities.

These conflicts have also led to differences of approach in coping with banks in difficulties.

One idea a month ago was to form a consortium of the big seven banks to take over all banks in difficulties, replacing the existing system of the Corporacion Bancaria. The argument was that as they accounted directly and indirectly for almost 80 per cent of total deposits, they should assume responsibility.

This proposal was not greeted enthusiastically by all. Its main motive was not economic but political—to restore some control over the banking system. The more realistic saw the risk that such a consortium could incur. The names of Occidental and at least four other banks were already on the table.

Indeed, there is now a new crop of bank failures in the offing. Last year 48 of the 109 commercial and industrial Spanish banks did not distribute dividends. Most of these are small banks which are not affiliated to any of the large groups. However, only two of the Rumasa group of 17 banks chose to distribute dividends. Rumasa is the eighth largest bank group. Overall, authoritative banking estimates of the total potential losses to cover this year are around Pt 40bn.

There is also authoritative talk of at least Pt 200bn of deposits being officially considered "vulnerable."

The Government has just raised the limit of automatic cover of the deposit guarantee fund from Pta 500,000 to Pta 1.5m and the bank of Spain will soon acquire authority to provide as much money as necessary to the deposit guarantee fund, until now jointly funded by the banks and the Bank of Spain.

But all this enables the authorities to take, if necessary, an even tougher attitude as to allow a bank to go bankrupt. Since 1978 this has only happened once, in the case of Banco de Navarra.

Michelin plans lay-offs in France

By Terry Dodsworth in Paris

MICHELIN, the French multinational tyre group, is planning lay-offs in its French factories later this year in response to the slump in the domestic vehicle market.

These measures have been immediately attacked by the company's unions, which blame Michelin's overseas investments for diverting work from the French factories. But the company argues that it needs to reduce stocks in line with market requirements in order to reduce its financing costs.

Michelin suffered a financial setback last year when its consolidated profits fell sharply to FFr 304m ($52.4m) from FFr 598m in 1979, despite a sales growth of FFr 8bn to FFr 31bn.

Among the measures being introduced by Michelin, which employs about 23,000, are a change to part-time working for some staff, and unpaid holidays for workers who would like to take them. In addition, however, the company almost certainly will be going ahead with compulsory lay-offs, although it has not yet announced details of who will be affected or for how long.

Share prices fall as Milan bourse reopens

BY JAMES BUXTON IN ROME

THERE WERE heavy falls on the Milan Stock Exchange yesterday as trading resumed at the end of the Government's three-day suspension. The Government yesterday announced new measures to protect the market, but the index of share values was provisionally down 9.63 per cent, marking a sharper fall than the market has seen in recent weeks.

Some fall in share prices had been expected as dealers closed selling positions on a settlement day brought forward from the end of the week. But the performance of the market was judged worse than had been expected by many dealers and the quotation of 56 shares was temporarily delayed because they would have registered falls of more than 20 per cent.

Among such shares was Mediobanca, considered one of the market's blue chips, which closed 12 per cent down on the day. Olivetti was down 7 per cent and Fiat 6.5 per cent. At the end of trading, quotation of a record 17 companies shares was held over until today.

Market turnover was said to be considerably heavier than it had been since the intervention of the Consob, the regulating authority, in mid-June, but lower than levels reached before then.

The sharpness of the falls was attributed to the weight of selling orders and that the banks did not intervene on any large scale, despite the lifting by the Government of restrictions on their market operations.

This was because the Government decree, announced at the weekend, that they could invest up to 25 per cent of their staff pension funds in the bourse had not been officially promulgated. It comes in to force today.

In a further move to attract the banks' participation in a supportive role, the Consob yesterday ordered that banks operating in the market on their own account, rather than on behalf of clients, would be excused the 30 per cent deposit for buying and the 70 per cent deposit for selling that must be paid by other market operators on all transactions.

Last Wednesday trading was suspended by Government decree for three trading days to allow the authorities to decide on measures to contain the fall in shares and strengthen the stock exchange in the long term.

As one of these measures provisions to allow small investors to deduct funds invested in the stock exchange from their taxable income will be propped up and other tax concessions will be prepared to encourage companies to use the stock exchange.

Mixed results from Axel Johnson

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE THREE major companies belonging to Sweden's Axel Johnson group showed mixed results in their annual reports for 1980. The family owned trading and industrial group's combined turnover exceeds Skr 20bn ($3.9bn) with its U.S. operations included, but no consolidated accounts are published.

Nordstjernan, the conglomerate based on Stockholm with construction and building materials, shipping, special steel manufacturing and engineering activities. Posted pre-tax earnings of SKr 110m against SKr 28m in the previous year. Sales reached SKr 7.48bn.

After net extraordinary items, which included income of SKr 115m from the sales of shares in the Swedish wholesale company, J. S. Saba, Nordstjernan shows a pre-tax profit of SKr 284m compared with SKr 52m in 1979. It still owns 30 per cent of Saba.

The construction and building materials business, with a turnover of SKr 2.8bn, contributed SKr 54m to earnings while the insurance operations added SKr 45m on revenues of SKr 361m. The figures for construction and building materials include Nya Asfalt, with sales of SKr 1.3bn, which was formed last year and will be merged next year with Svenska Vag to form the Johnson Construction Company.

The special steel business added SKr 21m to Nordstjernan's earnings but shipping managed only a SKr 5m contribution on a SKr 1.44bn turnover. The engineering businesses ran up a loss of SKr 27m.

A. Johnson and Co, the trading company which also owns some manufacturing units, turned in SKr 39m pre-tax down by 23 per cent, on sales which advanced less than 2 per cent to SKr 5.1bn.

These figures do not include A. Johnson and Co Inc of New York, which had sales of SKr 3.5bn last year, a balance sheet total of SKr 1.39bn and a pre-tax profit of SKr 65m.

The Swedish company trades largely in oil and coal, specialising in East-West trade, where it generated a business volume of around SKr 3bn last year.

The third Johnson company reporting is Nynäs Petroleum. Its 1979 earninsg of SKr 49m were transformed into a SKr 121m loss last year, although net sales rose by 29 per cent to SKr 3.75bn.

Strong rise in sales at Sandoz

By John Wicks in Zurich

CONSOLIDATED SALES of Sandoz, the Swiss-based chemical concern, reached almost SwFr 3.02bn ($1.46bn) in the first half of this year, an increase of 20 per cent over the corresponding period of 1980. Earnings were also said to have been satisfactory but no figures were reported.

The sales growth was partly the result of a lower Swiss franc exchange rate, group turnover having risen by only 15 per cent in terms of local currencies. The consolidated figures also included for the first time the sales of the newly-acquired Zaadunie, the Dutch seeds company and Ex-Lax, the proprietary pharmaceuticals business.

Sales of pharmaceuticals, Sandoz's biggest single product group, continued to increase in most markets. This, and the Ex-Lax acquisition, led to a 20 per cent rise in divisional turnover to SwFr 1.38bn.

Other high growth rates, viewed by the company as "highly satisfactory," were those of 61 per cent to SwFr 416m for the seeds division and 23 per cent to SwFr 312m for foodstuffs.

Dyestuff sales, which varied considerably according to geographic region, were adversely affected by weak demand, which has been evident since mid-1980, and turnover was up by only 8 per cent to SwFr 704m. After what Sandoz calls an extraordinary growth rate in the first half of 1980, sales of agro-chemicals within the group went up by only 1 per cent to SwFr 208m.

New managers to cut Rollei Singapore jobs

SINGAPORE — The new managers of Rollei Singapore have said that more than 900 of nearly 4,000 jobs at the plant will be lost.

The receivers and managers, who are partners of the international accounting firm Peat, Marwick, Mitchell and Co., said the cuts would not affect production and did not imply a change in policy.

Norddeutsche Landesbank Gironzentrale, of West Germany, and the Development Bank of Singapore, owners of the camera-making Singapore plant, placed the operation into receivership after Rollei Werke Franke, its troubled West German counterpart, filed for liquidation.

The statement said that several possible ways of preserving all or part of the production facilities were being examined. AP-DJ

Fund set up for foreign investment in Sweden

BY OUR STOCKHOLM CORRESPONDENT

SKANDINAVISKA ENSKILDA Banken has set up a mutual fund or unit trust, Sweden Innovation Fund, designed to meet foreign investors' growing interest for Swedish listed stock. The fund is being marketed in the UK by London stockbrokers, Quilter, Hilton, Goodison.

An open-ended fund registered in Stockholm, Sweden Innovation is being managed by Skandifond, run by the fund management and stock analysis subsidiary of Skandinaviska Enskilda.

Initially stock is being bought in nine Swedish companies — ASEA, Bofors, Saab-Scania, Stora Kopparberg, Aga, Astra, Fortia, Incentive and Cardo. Investment in Sweden Innovation is open to Swedes, but it is not being marketed actively in Sweden.

There has been a surge in foreign investment in Swedish stocks in recent month, interest being particularly strong for companies engaged in biotechnology such as Fortia.

Foreign investment in Swedish listed companies is restricted to so-called "free" shares, usually with reduced voting rights, and these shares may be bought by non-residents only from other non-residents.

Engelhard acquisition

Engelhard Corporation, the U.S. minerals and metals group, said that it had agreed to acquire 50 per cent of the shares of Compagnie Metaux Precieux, a French precious metal manufacturer, and an option to acquire the remaining 50 per cent in three years, AP-DJ reports from Edison, New York.

Toshiba plans share offer worth Y80bn in September

BY OUR FINANCIAL STAFF

TOSHIBA CORPORATION, the Japanese maker of electrical equipment, plans to raise some Y80bn (equivalent to about $350m) through the offer of 200m shares. The issue is expected to open about mid-September, and to close at the month's end.

The issue is the largest ever by the company, but comes at a time when Toyota Motor Company, the biggest of the Japanese motor manufacturers, is bringing forward an issue of 70m shares, expected to raise around Y90bn (almost $400m).

Toshiba, which was granted a listing on the London Stock Exchange last autumn, announced this month that it had increased its consolidated net earnings by 10.7 per cent to Y50.2bn ($221m). This was well below the exceptionally fast rate of growth the previous year, of 95 per cent, but brought earnings to a record level.

Last year's profit was achieved in spite of slack sales of home appliances, because of sluggishness in the economy and unseasonal weather, which had held back sales of space heaters and air conditioners.

The issue awaits approval by the Ministry of Finance, and underwriters have yet to be announced.

MUI hotels deal given go-ahead

BY WONG SULONG IN KUALA LUMPUR

TRIES (MUI), the conglomerate, has been given the go-ahead by Malaysia's Capital Issues Committee, which controls acquisitions and mergers, on its bid for two select Singapore hotels, at a cost of some S$250m (U.S.$120m).

The approval comes five months after MUI announced it had reached agreement with the Goodwood Park hotel group to take majority stakes in Hotel Malaysia and Ming Court and is given on the understanding that MUI's cash offer to the minority shareholders in the hotels should be underwriteen by non-Malaysian institutions.

The agreement reached with Goodwood Park Group — on February 22— was the purchase of 51.5 per cent of Hotel Malaysia and 52.3 per cent of Ming Court by MUI through an exchange of two MUI shares for every five hotel shares. This involved the issue of 7.2m MUI shares for 18m shares of the two hotels.

The deal was held up by the insistence of the Singapore's Securities Council that MUI must provide a cash alternative to the hotel minority shareholders (one of which is a Singapore Government agency) of S$8.6 a share, or equivalent to S$21.5 per MUI share—the highest price of MUI transacted on February 22. After a long search, MUI has now come up with two Singapore stockbrokers who are prepared to underwrite the cash option for the hotel minority shareholders, thus clearing the way for MUI's acquisition.

Behind the underwriting operation is Mr Ng Teng Fong, a Singapore billionaire, who had been known to be interested for a long time to acquire a stake in the two hotels.

The Goodwood Park group has said it will take its entitlement of MUI shares, which would be sold in the market at an "appropriate time."

● Public Bank, of Malaysia, almost doubled its net profit for the year to December to a record 10.65m ringgit (US$4.6m), from 5.4m ringgit in 1979. The bank itself increased earnings to 6.6m ringgit from 4m ringgit previously while results at its subsidiaries were particularly good, especially at Public Finance.

A final dividend of 10 per cent is declared, against the previous 7.5 per cent. Last month, the group announced a one-for-four scrip issue, to raise its paid-up capital to 25m ringgit. The dividend is payable on the old capital.

CSR confident of maintained profits

By Our Sydney Correspondent

IN SPITE of the downturn in the sugar market over recent months, weakness in minerals including iron ore and coal, and the uncertainty facing building industry product suppliers within Australia, CSR, the diversified Australian mining and sugar group is not unduly pessimistic on the outlook.

In fact Mr. Gordon Jackson, general manager, tells shareholders in his annual report that he expects profit of the group this year to be at least the same as the 1980-1981 profit of A$112.1m (US$128m).

Mr Jackson also said that the group was presently very liquid following its share and convertible note issue last year and additions to cash flow from the increased profit, and he could not foresee another major financing move in the immediate future.

Meanwhile, the report reveals that the group laid out a total of A$198m on capital expenditure in the last financial year. Spending on energy development was the largest single component, at A$98.2m, while A$26.6m was invested in sugar, A$7.6m in aluminium and chemicals, A$221.5m in minerals and A$41.6m in building materials.

Mr Jackson said that CSR could be expected to keep up this rate of capital expenditure on its normal operations this year and for a number of years on.

Outlining the group's philosophy in the annual report, the directors said priority continued to be given to expanding existing coal mines and to bringing into production several major resource projects already identified so that their large potential contributions to group profit will be realised.

Further state injection for MTR

By Adrian Boven in Hong Kong

HONG KONG'S Mass Transit Railway announced yesterday that its sole shareholder, the Hong Kong Government, had made a capital injection of HK$2.5bn to raise the issued capital to HK$4.96bn.

The corporation's authorised capital was raised to HK$5.5bn from HK$2bn in February to enable the Government to make capital contribution to the cost of constructing a new line on Hong Kong Island. But the corporation says the injection was made much sooner than expected because the interest costs are much higher than were expected when it was formed in 1975.

The corporation has reported a loss before extraordinary items for 1980 of HK$696m (US$126m), blaming interest charges that were HK$300m above expectations.

As a result of the latest injection the corporation will have drawn all the money which the Government set aside in a special fund for the island line.

Cutback at Unitika

Unitika, Japan's third biggest wool spinner, plans to extend the production cutback at its wool spinning division by idling or transferring spindles to other divisions by end-September, reports Reuter from Tokyo. The company has already cut worsted yarn production to 15 per cent below capacity to overcome the prolonged wool textile business slump.

Higher dividend and scrip issue at Jack Chia-MPH

SINGAPORE — Jack Chia-MPH, the Singapore-based diversified trading and publishing group, increased its after-tax profit by 7 per cent to S$7.32m (US$3.45m) for the year ended March 31, on turnover 15 per cent higher at S$72.28m.

The company also said its Hotel Tai-Pan unit received approval from the Singapore Stock Exchange for a public issue of 22.5m S$1 shares at S$1.30 a share.

Profit excluded minority interests and including interests, however, fell 43 per cent to S$7.09m. Much of the previous year's S$12.5m profit came from an unexplained S$8.6m extraordinary gain thought to be from the sale of some shares in a local property development company.

The group has proposed a one-for-four scrip issue for the second year in succession and recommends a dividend of 8 cents a share. The payment is 25 per cent up on the previous year's dividend after adjusting for the first one-for-four scrip issue.

Hotel Tai-Pan is a wholly-owned subsidiary of Tai-Pan Enterprises (Singapore) which in turn is 99.5 per cent owned by the JC-MPH group.

● Jack Chia interests, which already owns slightly more than 10 per cent of Haw Par Brothers International, bought an additional 1.4m Haw Par shares on July 8. The exact shareholding in the company, which has a paid up capital of S$124.2m, is not disclosed, but it is stated that the shares just bought were at prices between S$4.76 and S$4.86 and at 5.20 ringgit.

Earlier this week, Haw Par advised shareholders to reject a S$4 a share takeover offer by United Overseas Bank (UOB), which already controls 29.09 per cent of its equity. Haw Par's current stock market price is S$4.96. The UOB bid, which values Haw Par at S$497m (U.S.$230m), is being made through United Overseas Securities (UOS), a wholly-owned subsidiary of UOB.

The family investment company of Mr Wee Cho Yan, chairman of Haw Par and UOS, said it does not intend to accept the offer for the 500,000 shares it owns.

Agencies

Foreign stake in Australia Bank offshoot

By Colin Chapman in Sydney

AUSTRALIA'S FIRST new private trading bank for almost 50 years and which is due to open its doors next month—the Australian Bank—has won Federal Government approval to include three overseas groups as shareholders in its money-market subsidiary.

The subsidiary, Australis Securities, will be 60 per cent owned by the Perth-based Australian Bank with the remainder being held in equal shares by Banque de Paris et des Pays-Bas of France, S. G. Warburg International of Britain, and Becker-Warburg Paribas Becker of the U.S.

Australis will begin business with capital of A$5m (U.S.$5.14m), meaning it would be able to run a short term money market deposit book of up to A$100m.

Myer Emporium takeover

MELBOURNE — Myer Emporium, the stores group, has bought the western Australian-based Red Rooster fast food group for an undisclosed sum. Myer said it plans to spend more than A$45m (U.S.$51m) over the next five years on the group, and increase the number of outlets to 120 from 45.

● G. J. Coles, the store and supermarket group, said it will expand its retail liquor activities by buying a privately owned chain of 54 licensed stores.

Coles did not disclose the price it will pay for the Claude Fay group of cellars, but said it will now have more than 80 liquor outlets bringing in sales of over A$100m a year. The company reported total sales in 1979/80 of about A$2.7bn.

● Companies listed on the Australian stock exchanges raised A$560.7m in new funds in the first three months of 1981, the Statistics Bureau said. This compares with the previous quarter's upward-revised A$1.21bn and A$529.3m for the same period last year.

The total comprised A$334.8m raised through share issues and A$225.9m through debenture issues, against A$560.3m and A$648.2m respectively in the previous quarter and A$132.8m and A$396.5m a year ago.

The Statistics Bureau said industry group contributions to the March quarter total included manufacturing, with A$371.2m, against the previous quarter's downward-revised A$276.9m and last year's A$128.4m.

Agencies

Pioneer Concrete bids again extended

By Our Financial Staff

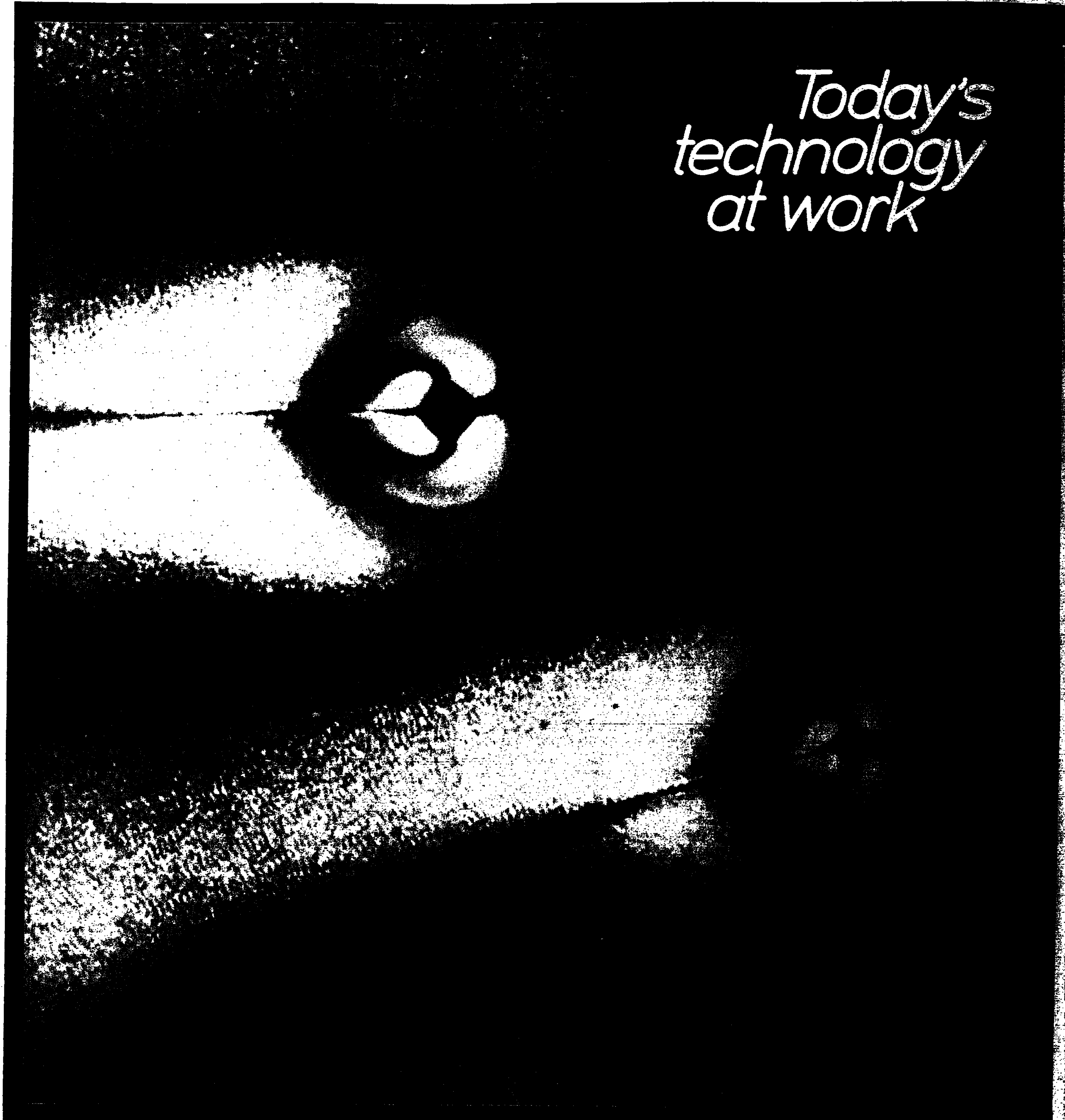
THE MERGER offers by Pioneer Concrete Services for Kathleen Investments (Australia) and for Queensland Mines has been extended for the second time—from July 15 to July 31.

Pioneer said it received acceptances for 70.9 per cent of the Kathleen shares it offered for and is now entitled to 88.1 per cent of its 12.33m ordinary units.

Pioneer already owned 59.11 per cent of Kathleen when it made its offer for four of its own shares or A$8.80 cash for each Kathleen share on March 30. This put a cash value of A$108.5m (US$124m) on the whole of Kathleen's equity.

Pioneer said it is now entitled to 85.4 per cent of Queensland's 19.22m issued shares, having received acceptances for 70.7 per cent of the shares subject to offer.

Pioneer offered A$12.10 cash per share or an 11-for-two share swap for the 50 per cent of Queensland stock not owned by Kathleen, putting a value of some A$232.6m on Queensland's total equity.



TRANSCRIPT

CARBONLESS COPY PAPER FOR THE AGE OF THE MICROCHIP

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Dollar recovers

The dollar recovered from its lowest level in currency markets yesterday. This reflected market sentiment that the dollar's decline in the Far East, following Friday's downturn in U.S. money supply figures, had been slightly overdone. There was renewed buying interest during the day but the U.S. unit still finished below Friday's closing levels in London. Euro-dollar rates were mostly steady around Friday's last quotations.

Sterling was weaker overall but finished above its worst level against the dollar while finishing softer against *European* currencies.

The Belgian franc and French franc both improved within the European Monetary System yesterday, mainly at the expense of the Italian lira which was weaker compared with its central *rate*. The Belgian franc remained the weakest currency but was comfortably placed *within its divergence limit while* the D-mark continued as the most improved member of the system.

DOLLAR — Trade weighted index (Bank of England) fell from 110.5 to 110.1. The dollar recovered from earlier levels but finished off the top after U.S. Federal authorities added liquidity to the money market. Against the D-mark it closed at DM 2.4225 after a high of DM 2.4300 and Friday's level of DM 2.44. Similarly against the Swiss franc it fell to SwFr 2.0710 from SwFr 2.0775. It was slightly firmer against the yen, however, at Y228.35 from Y228.25.

STERLING—Trade weighted index (Bank of England) fell to 92.9 from 93.3, having stood at 93.0 at noon and 92.9 in the morning. Sterling opened at $1.9025 and touched a high of $1.9040 before slipping to a low of $1.8790 during the afternoon as selling in the U.S. continued the earlier trend in Europe. The pound closed at $1.8815-1.8825, a *fall of 1.15c.*

DEUTSCHE MARK—Strongest member of the European Monetary System but still weak against the dollar as U.S. interest *rates remain high. A reduction* **in Germany's large balance of payments deficit later this year, reflecting the better competitive position of Germany's exports may assist a recovery as long as U.S. rates do not show a further rise**—The Deutsche Mark was *mostly firmer at yesterday's* fixing in Frankfurt. The dollar fell to DM 2.4250 from DM 2.4445 without any Bundesbank intervention and sterling was lower at DM 4.6040 compared with DM 4.6280. The Belgian franc was unchanged at DM 6.1080 per BFr 100, while the French franc improved a little to DM 41.94 per FFr 100 from DM 41.74. Earlier *in the day the dollar had been as* low as DM 2.4130 in reaction to the latest U.S. money supply figures *but this level attracted* renewed interest and later in the afternoon the dollar was quoted at DM 2.4270. Part of the dollar's recovery was attributable to continued lack of confidence in the Deutsche Mark, however.

JAPANESE YEN — Weaker against the dollar in recent months because of the sharp rise in U.S. interest but showing less movement than other currencies thanks to Japan's strong economic performance—The yen *was slightly firmer against the* dollar in Tokyo yesterday with the U.S. unit closing at Y227.75 *compared with Y228.60 on* Friday. The dollar opened at Y228.30 in quiet trading and touched a low — *shortly* before the close of business of Y227.65. Trading was rather restricted and the dollar may have been marked down on the latest downturn in U.S. money supply growth. Dealers pointed out however, that commercial demand for the dollar was likely to remain high

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7985	41.2845	+1.19	+1.19	±1.5361
Danish Krone ...	7.91917	7.90598	−0.17	−0.17	±1.6413
German D-Mark	2.54502	2.52096	−0.95	−0.95	±1.1386
French Franc ...	5.99526	6.01344	+0.30	+0.30	±1.3636
Dutch Guilder ...	2.81318	2.80627	−0.25	−0.25	±1.5159
Irish Punt	0.685145	0.689823	+0.68	+0.68	±1.6688
Italian Lira	1262.92	1258.14	−0.38	−0.38	±4.1116

Changes are for ECU, therefore positive change denotes weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

July 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8790-1.9040	1.8815-1.8825	1.03-1.13c dis	−6.89	2.35-2.45dis	−5.10
Canada	2.2600-2.2875	2.2630-2.2640	1.25-1.35c dis	−6.89	3.30-3.45dis	−5.96
Nethlnd.	5.07-5.13	5.07½-5.08½	½c pm-par	0.59	2-1 pm	1.18
Belgium	74.75-75.45	74.80-74.90	42-52c dis	−7.54	93-103 dis	−5.24
Denmark	14.29-14.44	14.29-14.31	5¾-6¾ore dis	−5.24	14¼-16 dis	−4.23
Ireland	1.2475-1.2630	1.2485-1.2500	0.16-0.29p dis	−2.16	0.67-0.85dis	−2.43
W. Ger.	4.55-4.62	4.55½-4.55½	⅛pf pm-⅛ dis	0.33	1½-⅞ pm	0.77
Portugal	121.00-122.50	121.00-121.30	65-125c dis	−9.41	150-305 dis	−7.51
Spain	181.50-183.70	181.65-181.95	105-125c dis	−7.59	255-310 dis	−6.22
Italy	2,273-2,293	2,274-2,275	26½-28½lire dis	−14.51	74-77 dis	−13.27
Norway	11.42-11.53	11.42-11.44	½ore pm-1½ dis	−0.07	3½-2 pm	0.86
France	10.85-10.99	10.85-10.86	9¾-10¼c dis	−11.33	24-25 dis	−9.03
Sweden	9.67-9.75	9.67-9.69	2½-½ore dis	−1.86	4½-5½ dis	−1.91
Japan	427-435	429½-430½	2.40-2.00y pm	6.14	6.80-6.40 pm	6.14
Austria	32.10-32.45	32.15-32.20	2gro pm-3 dis	−0.19	7 pm-3 dis	0.25
Switz.	3.89-3.93	3.89½-3.90½	1¼-¾c pm	3.08	3¼-2½ pm	2.95

Belgian rate is for convertible francs. Financial franc 78.20-78.20. Six-month forward dollar 3.90-4.00c dis. 12-month 5.30-5.50c dis.

THE DOLLAR SPOT AND FORWARD

July 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8790-1.9040	1.8815-1.8825	1.08-1.13c dis	−6.89	2.35-2.45dis	−5.10
Ireland†	1.5020-1.5100	1.5060-1.5080	0.53-0.63c dis	−4.62	0.90-1.05dis	−2.59
Canada	1.2024-1.2040	1.2034-1.2037	0.07-0.03c pm	0.50	0.26-0.29dis	−0.91
Nethlnd.	2.6900-2.7025	2.7000-2.7025	1.77-1.67c pm	7.64	4.27-4.17 pm	6.25
Belgium	39.55-39.79	39.77-39.79	3-10c dis	−1.96	4-11 dis	−0.75
Denmark	7.5845-7.6100	7.6050-7.6100	¼-½ore pm	0.98	1½-1⅛ pm	0.79
W. Ger.	2.4025-2.4300	2.4220-2.4230	1.47-1.41pf pm	7.13	3.54-3.48 pm	5.79
Portugal	64.15-64.45	64.15-64.35	par-25c dis	−2.33	par-75 dis	−2.33
Spain	96.40-96.75	96.63-96.53	par-10c dis	−0.62	15-35 dis	−1.03
Italy	1,204-1,210½	1,208-1,210	7½-9lire dis	−8.19	24-27 dis	−8.44
Norway	6.0525-6.0740	6.0390-6.0740	3¾-3¼ore pm	6.92	9½-9 pm	6.09
France	5.7600-5.7900	5.7675-5.7725	2-3c dis	−5.20	6-7½ dis	−4.68
Sweden	5.1365-5.1450	5.1420-5.1450	1.50-1.30ore pm	3.27	4.40-4.20 pm	3.34
Japan	227.40-228.50	228.30-228.40	2.50-2.35y pm	12.74	6.20-6.05 pm	10.73
Austria	17.00-17.12	17.07½-17.08½	10½-9gro pm	6.65	25-21 pm	5.39
Switz.	2.0525-2.0730	2.0705-2.0715	1.84-1.74c pm	10.37	4.26-4.16 pm	8.13

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.9	−31.7
U.S. dollar	110.1	−3.4
Canadian dollar	88.1	−17.1
Austrian schilling	111.1	+21.8
Belgian franc	104.8	+8.8
Danish kroner	85.6	−11.5
Deutsche mark	116.1	+38.2
Swiss franc	137.1	+84.6
Guilder	107.8	+14.1
French franc	82.2	−11.9
Lira	57.2	−55.7
Yen	142.0	+35.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.601009	0.645578
U.S. $	14	1.13741	1.03087
Canadian $	19.09	1.36855	1.24127
Austria Sch.	6¾	19.5839	17.7670
Belgian F.	13	45.5248	41.3379
Danish K.	11	8.70687	7.90851
D mark	7½	2.78040	2.52202
Guilder	9	3.09489	2.80675
French Fr.	9½	6.65954	6.03883
Lira	19	1385.65	1255.86
Yen	6¼	260.018	235.863
Norwgn. Kr.	9	6.90465	6.29088
Spanish Pts.	8	Unavail.	100.407
Swedish Kr.	12	5.87245	5.32619
Swiss Fr.	5	2.37150	2.14988
Greek Dr'ch.	20½	Unavail.	61.6841

OTHER CURRENCIES

July 13	£	$		£ Note Rates
Argentina Peso	8777-8797†	4626-4636†	Austria	32.10-32.45
Australia Dollar	1.6400-1.6440	0.8730-0.8735	Belgium	78.25-79.25
Brazil Cruzeiro	175.91-176.91	92.74-93.20	Denmark	14.32-14.47
Finland Markka	8.54-8.56	4.5000-4.5020	France	10.90-11.00
Greek Drachma	110.876-114.064	59.05-59.15	Germany	4.58½-4.62½
Hong Kong Dollar	10.73½-10.75¼	5.6650-5.6700	Italy	2250-2300
Iran Rial	163.25*	81.00*	Japan	432-438
Kuwait Dinar(KD)	0.535-0.539	0.2826-0.2829	Netherlands	5.10-5.13
Luxembourg Frc.	74.80-74.90	39.77-39.79	Norway	11.45-11.57
Malaysia Dollar	4.4275-4.4375	2.3360-2.3380	Portugal	119½-122
New Zealand Dlr	2.2290-2.2340	1.1860-1.1870	Spain	177½-183¾
Saudi Arab. Riyal	6.44-6.50	3.4090-3.4120	Sweden	9.71-9.81
Singapore Dollar	4.08-4.09	2.1525-2.1545	Switzerland	3.90-3.94
Sth African Rand	1.7080-1.7090	0.9075-0.9080	United States	1.89¼-1.90¼
U.A.E. Dirham	6.94-7.00	3.6725-3.6735	Yugoslavia	69-77

† Rate given for Argentine is the commercial rate. The financial rate for sterling is 11,612-11,632 and for the dollar 6,100-6,150. *Selling rate.

EXCHANGE CROSS RATES

July 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.882	4.560	430.0	10.855	3.900	5.080	2275.	2.264	74.85
U.S. Dollar	0.531	1.	2.423	228.5	5.768	2.072	2.699	1209.	1.203	39.77
Deutschemark	0.219	0.413	1.	94.30	2.380	0.855	1.114	498.9	0.496	16.41
Japanese Yen 1 000	2.326	4.377	10.60	1000.	25.24	9.070	11.81	5291.	5.264	174.1
French Franc 10	0.921	1.734	4.201	396.1	10.	3.593	4.680	2096.	2.086	68.95
Swiss Franc	0.256	0.483	1.169	110.3	2.783	1.	1.303	583.3	0.580	19.19
Dutch Guilder	0.197	0.370	0.898	84.65	2.137	0.768	1	447.8	0.446	14.73
Italian Lira 1,000	0.440	0.827	2.004	189.0	4.771	1.714	2.233	1000.	0.995	32.90
Canadian Dollar	0.442	0.831	2.015	190.0	4.796	1.723	2.244	1005.	1.	33.07
Belgian Franc 100	1.336	2.514	6.092	574.5	14.50	5.210	6.787	3039.	3.024	100

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 13)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 1/16	offer 18 3/16	bid 17 11/16	offer 17 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅛-12⅜	19-19¼	18-19	11⅜-11⅝	3¼-3¾	11¾-11⅞	22-25	18-22	17-19	6-6½
7 days' notice	12¼-12½	19-19¼	18-19	11 7/16-11 9/16	4-4½	11 11/16-11 13/16	22-25	23¼-26¾	17-19	6⅜-6⅝
Month	12 9/16-12 13/16	18⅝-18⅞	19⅛-19⅜	11 7/16-11 9/16	9⅛-9⅜	12 1/16-12 3/16	23-24	25¾-27¼	18½-19½	6⅝-6⅞
Three months	13 1/16-13 3/16	18 3/16-18 5/16	19⅛-19⅜	11⅞-12	9 13/16-10 1/16	12⅜-12½	22½-23½	26¾-27½	18¼-19¼	7¼-7½
Six months	13⅝-13¾	17 11/16-17 13/16	18⅝-18⅞	11⅞-12	10 1/16-10 5/16	12⅜-12½	21¼-22¼	26-27	17¾-18¾	7 7/16-7 9/16
One Year	13⅝-13⅞	16⅝-16⅞	17½-17⅞	11 15/16-12 1/16	9 7/16-9 9/16	12⅜-12½	19-20	24½-25½	16¾-17¾	8⅛-8⅜

SDR linked deposits: one-month 15 15/16-16 5/16 per cent; three-months 15 9/16-15 15/16 per cent; six-months 15¾-15⅞ per cent; one-year 14 9/16-14 15/16 per cent.

ECU linked deposits: one-month 16⅛-16½ per cent; three-months 16⅛-16½ per cent; six-months 15 13/16-16 3/16 per cent; one-year 15 3/16-15 9/16 per cent.

Asian $ (closing rates in Singapore): one-month 18 13/16-18 15/16 per cent; three-months 18⅝-18¾ per cent; six-months 17 13/16-17 15/16 per cent; one-year 16⅝-16⅞ per cent. Long-term Eurodollar two-years 16⅛-16½ per cent; three-years 16-16½ per cent; four-years 15⅞-16⅛ per cent; five-years 15⅞-16⅛ per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.50-18.60 per cent; three-months 17.85-17.95 per cent; six-months 17.35-17.45 per cent; one-year 16.50-16.60 per cent.

MONEY MARKETS

London rates ease

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Short-term interest rates eased in the London money market yesterday. In interbank trading three-month money fell to 13⅛-13 3/16 per cent from 13⅜-13⅝ per cent, while discount houses buying rates for three-month eligible bank bills declined to 12⅝-12⅞ per cent from 12 13/16-13 per cent. Buying rates for three-month Treasury bills also showed an easier trend, and were quoted at 12⅝-12⅞ per cent, compared with 12⅞ per cent on Friday.

Although there was an easing of fixed period interest rates, credit was generally in short supply, and the authorities gave assistance on a large scale. The Bank of England bought eligible bills in the morning within a range of 12-12⅛ per cent, and purchased a further amount in the afternoon at 12⅛-12½ per cent.

All the bills will be repurchased by the market on July 23.

The market was faced with the repayment of the money borrowed from the authorities last Monday, *while banks brought* forward moderate run-down balances, and there was a small excess of revenue payments to the Exchequer over Government disbursements. These outweighed *a small amount of maturing* Treasury bills held by the market. Payment for the BP rights issue may have also added to the tight conditions.

Discount houses paid 11½-12½ per cent for secured call funds during the day. In the interbank market overnight loans opened at 12-12½ per cent and eased to 11¼-11¾ per cent, before closing at 12½-13 per cent.

In New York the Federal funds overnight rate fell to 18-18¼ per cent in early trading following intervention by the authorities to add reserves by three-day repurchase agreements.

In Europe interest rates *showed little change*, with Paris call money unchanged at 18¾ per cent.

In Frankfurt call money was steady at 12 per cent, the same level as the Bundesbank special Lombard rate. Period rates were also unchanged. At the weekend Count Otto Lambsdorff, Economics Minister, and Herr Karl Otto Poehl, President of the Bundesbank, both warned that German interest rates cannot be expected to fall in the near future because of high U.S. rates, a heavy balance of payments deficit, and a large public sector budget deficit.

In Tokyo call money (unconditional) rose to 7.4375 per cent from 7.3125 per cent in tight conditions, reflecting major tax payments by Japanese companies. This was estimated at around Y1.38 trillion (million million), which substantially exceeded funds coming back to the market from half yearly bonus payments to company employees.

GOLD

Slight fall

Gold finished $4 an ounce down from Friday's close in London at $413-415. It opened at $418-$419½ having improved on dollar weakness. However later in the day the dollar recovered and U.S. interest rates remained firm, helping to depress the metal.

In Frankfurt the 12½ kilo bar was fixed at DM 32,605 per kilo ($415.98 per ounce) compared with DM 32,670 ($415.95) on Friday and closed at $412-414 from $416-417½.

In Luxembourg the 12½ kilo bar was fixed at LFr 560,000 per kilo ($418.0 per ounce) against LFr 559,750 ($414.75) previously.

In Zurich gold finished at $412-415 per ounce against $415-418.

	July 13		July 10	
Gold Bullion (fine ounce)				
Close	$413-415	(£218½-219½)	$417-419	(£220-221)
Opening	$418-419½	(£219½-220¼)	$413½-415	(£217¾-218¾)
Morning fixing	$417.75	(£219.868)	$415.25	(£218.841)
Afternoon fixing	$413	(£217.827)	$416.50	(£219.153)
Gold Coins				
Krugerrand	$426-427	(£226½-227)	$429-432	(£226-227½)
1/2 Krugerrand	$219-220	(£116½-117)	$221-225	(£116½-118½)
1/4 Krugerrand	$111-112	(£59-59½)	$113-116	(£59½-61)
1/10 Krugerrand	$46-47	(£24½-25)	$46-49	(£24¼-25¾)
Mapleleaf	$416-417	(£221-221½)	$417-422	(£220-222½)
New Sovereigns	$103½-104½	(£55-55½)	$103½-105½	(£52¾-53¾)
King Sovereigns	$113-115	(£59½-60½)	$113-115	(£59-60)
Victoria Sovs	$113-115	(£59½-60½)	$113-115	(£59-60)
French 20s	$109-114	(£58-60½)	$110-115	(£58-60½)
50 pesos Mexico	$513-518	(£272½-275½)	$519-523	(£273½-275½)
100 Cor. Austria	$399-404	(£212-214½)	$404-409	(£212¾-215½)
$20 Eagles	$541-544	(£287½-289)	$540½-545½	(£284¾-287½)

LONDON MONEY RATES

July 13 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11¼-13	12-12½	—	—	12-12¼	11¼-12¼	—	—	—
2 days notice	—	—	12¼-12⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12½	12½-12¾	—	13¼	12½-13	11¾-12	—	—	—
One month	12⅞-12⅝	12⅝-12⅞	12⅞	13¼-13⅜	13⅛	13	12	12½-12⅝	12⅞-12¾	13¼
Two months	13⅛-12⅞	13⅛-13¼	—	13½-13⅜	13½	13¼	12½-12⅝	12⅝	12⅞-12¾	13½
Three months	13⅛-13	13⅛-13⅛	13¼	13¾-13⅜	13⅝	13⅛-13⅜	12½	12¼-12⅞	12⅝-12⅞	13½
Six months	13⅜-13¼	13½-13⅝	13⅝	13⅝-13½	13⅝	13¼	—	—	12⅞-12⅝	13½
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14 per cent; four years 14 per cent; five years 14¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝-12½ per cent; four-months trade bills 13½ per cent.

Approximate selling rate for one-month Treasury bills 12⅛-12 per cent; two-months 12⅛ per cent; three-months 12⅛ per cent. Approximate selling rate for one-month bank bills 12½-12⅝ per cent; two-months 12⅝ per cent; and three-months 12¾ per cent; one-month trade bills 13 per cent; two-months 13¼ per cent; three-months 13½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 12.7365 per cent.

MONEY RATES

NEW YORK

Prime rate	20½
Fed. funds	18-18¾
Treasury bills (13-week)	14.75
Treasury bills (26-week)	14.40

GERMANY

Special Lombard	12.0
Overnight rate	12.0
One month	12.80
Three months	12.80
Six months	13.00

FRANCE

Intervention rate	18.25
Overnight rate	18.75
One month	18.25
Three months	17.125
Six months	16.875

JAPAN

Discount rate	6.25
Call (unconditional)	7.4375
Bill discount (three-month)	7.46875

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 13 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (Bas) basic rate; (bg) buying rate; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 79.05. **Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (1) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

WORLD STOCK MARKETS

Early rise of 1.62 on Wall St.

STOCKS REMAINED higher in light trading at mid-session.

The Dow Jones Industrial Average was 1.62 higher at 957.29 at 1 pm, while the NYSE All Common Index rose 0.35 to $75.50. Advances held a seven-to-five lead over declines as volume narrowed to 27.96m shares against 30.16m on Friday.

Investors were encouraged by Friday's money supply figures, which showed an unexpected $1.3bn fall in the closely watched M-1B aggregate.

The decline continues the recent moderate growth trend in the money supply and provides further support for the belief that interest rates may soon ease.

However, investors continue to be cautious, pending clear evidence that interest rates are beginning to fall.

Conoco, the second most active stock, soared 7⅝ to $84¼ after a delayed opening, as the bidding contest for the company intensified.

Mobil announced yesterday that it is arranging bank loans and has retained an investment banker in connection with a possible bid for Conoco. The stock lost ⅜ to $30⅞ in active trading.

Mobil's interest follows an increased offer from Seagram Co on Sunday. It offered $85 a share cash for 51 per cent of Conoco's stock, compared with its earlier offer of $73 a share for 41 per cent. Seagram gained $⅜ to $56⅞.

Du Pont, whose merger plan includes an offer of $87.50 a share for 40 per cent of Conoco, added $⅜ to $47⅞.

Volume leader Texasgulf, which agreed to be acquired by Elf Aquitaine of France, was up $¼ to $54.

Several other oil companies, which are viewed as possible takeover targets, were strong. Among the active issues, Marathon Oil rose $2¼ to $69¼, Union Oil $1 to $38¾ and Cities Service $1⅛ to $59⅞.

Maryland Cup fell $2¾ to $34⅞. It ended preliminary merger discussions with Fort Howard Paper, which was up $½ to $33¼.

THE AMERICAN SE Market Value Index was up 1.21 to 364.65 on volume of 2.82m (3m) shares.

Dome Petroleum, the most active stock, rose ¼ to $19¼.

Canada

Prices were higher at noon with the Toronto Composite Index 13.4 ahead at 2,350.2 in light trading.

Among the exchange's 15 major indicies, all but three recorded gains, led by Transportation which jumped 91.9 to 3,091.3 and Golds rose 25.0 to 3,802.3. Real Estate and Construction fell 69.3 to 9,244.2.

Milan

Prices fell sharply across the board in thin and nervous trading following last week's three-day closure.

The decline represented the settling of July contracts brought forward two days by Governmetal decree, dealers said.

Trading in several second line issues was suspended when they fell below the 20 per cent limit decline. Fiat, Pirelli and Olivetti were considerably lower while Montedison eased more gently.

Convertibles fell sharply in an otherwise neglected bond market.

Germany

Leading share prices closed mixed after a quiet session, with fewer foreign buy orders than in past weeks bringing the Auto sector in particular lower.

Daimler fell DM 7 to DM 346, VW DM 2.30 to DM 158.50, and BMW DM 1.50 to DM 197.

In generally easier Electricals, Siemens was DM 2.20 down at DM 249, AEG DM 1.30 down at DM 41.80 and BBC unchanged at DM 280.

Banks were higher, with Commerzbank rising DM 2 to DM 141.50, Deutsche Bank DM 1.50 to DM 283.10 and Dresdner Bank DM 4.90 to DM 157.

In little changed Engineerings Linde was DM 1.80 down at DM 357, GHH DM 2 up at DM 233 and KHD DM 0.50 up at DM 204. Chemicals were barely changed.

The Bundesbank sold DM 36m of public authority paper on the domestic bond market, where prices rose on average DM 0.50 in quiet trading.

Mark Eurobond prices also rose by ¼ to ½ point, while local authority bond prices were also slightly higher.

Tokyo

The Nikkei Dow Market Average gained 10.65 to 7,923.86 in moderate trading on volume of 430m shares, led by High-Technology issues and Autos. But big capitals fell on profit-taking as investors became worried about high prices.

The Tokyo Stock Exchange Index added 0.25 to 595.10.

Machine Tools, Optical Fibres, Industrial Robot Makers, Communications, Precisions and issues related to office automation were actively bought, but Steels and Shipbuildings lost ground.

Trading slowed in the afternoon with an uncertain sentiment dominating the market.

Nissan Motor rose Y60 to Y1,090, Toyota Motor Y20 to Y1,490, Hitachi Seiki Y25 to Y547, Toshiba Machine Y15 to Y676, Sumitomo Elec Y7 to Y555, Yasukawa Elec Y6 to Y586, Ricoh Y50 to Y1,060, Canon Y20 to Y1,680, Matsushita Elec Y40 to Y1,810, Nippon Elec Y6 to Y886 and Oki Elec Y12 to Y472.

Hong Kong

Stocks closed mixed in relatively quiet trading with no obvious trend, though secondary issues probably performed better than leaders.

The Hang Seng Index was about 15 points higher than Friday at mid-morning but fell back to about nine up after profit-taking at the morning close and finished after more profit-taking only 3.94 higher at 1,781.07.

Jardine Matheson performed rather better than the market average, rising 30c to HK$25.60 as did New World, 25c up at HK$7.25.

Cheung Kong was unchanged at HK$32.50, HK Bank rose 10c to HK$17, HK Land 10c to HK$12.10, and Swire Pacific "A" 10c to HK$19. But HK Electric fell 15c to HK$6.60, HK Wharf 5c to HK$8.45 and Hutchison Whampoa 10c to HK$22.50.

Australia

Scattered bargain buying, particularly among Oils, allowed the market to continue a sluggish recovery.

The All Ordinaries Index finished 3.8 up at 667.4, but high interest rates and the prospect of a tough Federal Budget in August clouded the prospects of a sustained rally.

Industrials again proved the market's weak link, with the Index rising just 0.8 to [illegible] amid speculation that the Federal Government is considering an across-the-board tariff cut.

CRA was among the stronger Heavyweight Miners with a 15c gain to A$4.15 following the release of a quarterly report on the Ashton Joint Diamond Venture, but partner Ashton fell 1c to A$1.82.

The report was generally more restrained than one issued earlier by the project's junior partner, Northern Mining Corporation.

Singapore

Share prices closed sharply lower on profit-taking and selling pressure after a higher opening.

The Straits Times Index fell 12.12 to 929.44.

Johannesburg

Gold shares colsed off the day's highs, reflecting the slightly easier bullion price.

Paris

All markets except the Paris Commodity Exchange were closed because of a public holiday.

Closing prices for North America were not available for this edition.

Indices

	July 13	July 10	July 9	July 8	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	667.4	663.5	662.0	674.7	737.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	539.1	534.6	535.2	548.0	755.2 (7/1)	534.6 (10/7)
AUSTRIA Credit Aktien (2/1/62)	58.70	58.65	58.74	58.75	68.46 (5/1)	58.65 (10/7)
BELGIUM Belgian SE (31/12/63)	74.58	74.41	74.07	74.05	86.15 (17/2)	69.53 (16/6)
DENMARK Copenhagen SE (1/1/73)	114.20	114.39	115.47	116.71	119.21 (6/7)	95.88 (2/1)
FRANCE CAC General (29/12/61)	(c)	80.9	78.9	78.10	112.6 (17/3)	77.5 (15/6)
Ind Tendance (31/12/80)	(c)	84.9	84.4	82.8	106.8 (13/5)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	239.52	239.65	238.31	238.13	245.47 (3/7)	215.88 (9/2)
Commerzbank (Dec. 1953)	737.9	737.6	736.2	732.1	749.0 (3/7)	666.4 (16/2)
HOLLAND ANP-CBS General (1970)	92.9	91.9	91.5	91.7	96.2 (24/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	75.4	75.5	75.0	72.7	76.4 (22/6)	62.8 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1781.07	1777.13	1747.20	1741.04	1780.55 (12/6)	1285.44 (11/5)
ITALY Banca Comm Ital (1972)	190.72	(c)	(c)	(c)	292.05 (5/6)	173.56 (6/1)
JAPAN Dow Average (16/5/49)	7923.86	7912.88	7895.16	7916.56	7925.54 (3/7)	6956.52 (13/5)
Tokyo New SE (4/1/68)	595.10	592.61	588.09	588.48	595.10 (13/7)	495.79 (6/1)
NORWAY Oslo SE (1/1/72)	122.24	120.75	120.23	120.75	127.57 (4/5)	110.34 (3/6)
SINGAPORE Straits Times (1966)	929.44	941.56	928.84	924.35	975.26 (26/6)	859.51 (2/1)
SOUTH AFRICA Gold (1958)	(u)	558.5	542.6	512.7	797.6 (7/1)	475.6 (6/7)
Industrial (1958)	(u)	602.1	596.5	594.0	663.5 (1/5)	567.2 (3/2)
SPAIN Madrid SE (30/12/80)	(c)	152.40	155.22	155.59	141.40 (17/6)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	568.91	570.48	572.50	582.51	581.84 (2/7)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	285.30	286.9	284.0	285.8	304.2 (2/4)	279.8 (27/5)
WORLD Capital Intl. (1/1/70)	—	152.1	151.0	150.6	162.8 (6/1)	149.6 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Conoco	824,300	77⅝	+1	Du Pont	493,900	47⅝	+⅜
Gulf Oil	616,900	36⅞	+⅝	Mesa Petroleum	442,800	29⅞	+⅛
Texaco	608,600	35⅞	+⅛	South West P-S	441,000	11½	+⅛
Prime Comp.	589,900	28	+1⅛	U.S. Steel	421,900	27⅞	+⅛
Cities Service	562,400	57⅞	−3⅝	Gen. Tel. Elec.	413,200	28½	—

Surge in French turkey sales

By Our Commodities Staff

FRENCH TURKEY production increased more than five-fold in the last decade and almost doubled between 1975 and 1980, according to a Manchester University report* published today.

The 72-page report, by Mrs Sue Richardson of the university's department of agricultural economics, is the first volume of a comprehensive study of the world turkey industry. It has been released ahead of schedule in view of the controversy which has surrounded the recent opening of an export turkey plant in Britanny.

It shows that French turkey production reached 203,000 tonnes in 1980 compared with 33,000 in 1970 and 105,000 in 1975.

The growth in exports is even more impressive with sales of whole slaughtered turkeys doubling in one year to reach 11,277 tonnes in 1980. Britain alone took 3,008 tonnes of whole French turkeys last year compared with only 16 tonnes in 1979.

*The French Turkey Industry, price £3.

Island chicken plant opened

By Sara Davies

A FRESH attempt to diversify industry on the island of Guernsey and provide new jobs is being made with the launch at the weekend of Island Crown poultry processing plant on the island.

The plant, which employs 40 people at present and will provide work for 120 at full capacity, and which is the first factory on the island built to EEC rules of poultry hygiene, prepares and packages chicken for the catering and airline industries. The plant handles 15,000 birds a week.

Chicken carcases are imported from Holland, France and the UK, and the packaged end product will be shipped under refrigeration to Southampton and Rotterdam. Exports are being aimed at the UK and Middle East markets.

The directors of Island Crown had intended to raise their own poultry on the island, but were refused permission for broiler houses by the island council on the grounds that the removal of waste from breeding and killing would pose problems.

EEC backs cocoa pact

BY LARRY KLINGER IN BRUSSELS

THE EEC yesterday decided to ratify the new International Cocoa Agreement, considerably increasing the likelihood that the pact can now be applied provisionally in spite of the continued rejection by the Ivory Coast, the world's largest producer.

West Germany, which had been blocking EEC ratification of the agreement because it considered the pact unworkable without Ivory Coast participation, bowed to pressure from the other community member-states and the European Commission, which argued that joining the pact was necessary for improving relations with developing countries.

However, while the EEC's 10 foreign ministers agreed at their council meeting in Brussels to go ahead with the pact, they limited EEC participation to one year, pending a review of the agreement. They also made clear that they expected the Ivory Coast to maintain its existing financial support of $50m agreed under previous arrangements.

The proposed agreement is the third of a series started 10 years ago and is designed to stabilise world prices by buying in and storing production during times when the market is weak.

This buffer stock is financed by a fund supported jointly by consumers and producers in which about $235m remains from the previous accord. There has been widespread criticism that the fund is already underfinanced and would be completely inadequate if the Ivory coast attempted to withdraw its share of the money.

Another problem is that the U.S., the world's largest consumer, is also refusing to join the new accord. The U.S. has been arguing that the new agreement is unworkable without Ivory Coast participation and a big increase in finance.

The Ivory Coast has argued that the agreed floor price of $1.10 a pound is too low to provide adequate incomes for poorer countries, but its opposition to the new pact is also thought to be as much involved with internal politics and disagreements with other producers as with the price.

Ivory Coast opposition could still defeat any new agreement because without its participation the minimum number of producer ratifications cannot be found.

However, there are moves to put the agreement into effect provisionally, possibly through the auspices of the United Nations, and these efforts will be considerably enhanced by yesterday's EEC decision.

Our commodities staff writes: The Brussels decision encouraged a renewed upsurge in world cocoa values and the September position on the London futures market quickly established a £40 permissible limit rise. After the mandatory break in trading the advance continued, taking September cocoa to £1,125 a tonne at one stage.

Prices fell back in the afternoon, however, as speculators took their profits and traders hedged against recent physical business. Nevertheless the September position closed £24 up on the day at £1,087.50 a tonne, the highest level since June last year.

Producer price rises boost zinc

BY ROY HODSON

ZINC prices rose by up to £5 in unofficial after-hours dealing in London last night as a result of rumours of producer price rises in the U.S.

At the end of the day's trading on the London Metal Exchange zinc stood at £456—a gain of £0.50 on the day.

Britain's zinc total consumption during the first five months of this year was 102,572 tonnes, a fall of 8 per cent upon the same period a yer ago, according to the World Bureau of Metal Statistics.

During the same period Britain's lead consumption was 112,642 tonnes compared with 140,569 tonnes in the same period last year.

Lead cash prices rose by £3.75 on the LME yesterday to £412.50. The market was influenced throughout the day by price rises imposed by two North American producers, St Joe and Cominco. The two companies have raised their prices by 3 cents per pound compared with price rises of only 2 cents by other U.S. producers.

Stocks of lead in the LME warehouses rose by 375 tonnes last week to 45,100 tonnes. Zinc stocks fell by 1,550 tonnes to 86,925 tonnes.

Other LME stock movements included: copper 1,375 tonnes down to 117,825 tonnes; aluminium 1,675 tonnes up to 71,550 tonnes; nickel 144 tonnes down to 2,268 tonnes; and silver down 110,000 ounces, to 25,840,000 ounces.

Tin lost £25 to finish at £6,690 yesterday and the tin stocks held in LME warehouses fell by 1,800 tonnes last week to 5,465 tonnes.

Problem of intervention wheat testing

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE CEREALS Management Committee of the EEC has decided to introduce Intervention for bread-making wheat for this year for the three months, August, September and October, at a price of 184.84 European currency units per tonne, which equals £114.35 plus the usual monthly increments. This is a delivered price, and, compared with £102.22 for feed wheat, a most attractive one.

The problem is that the wheat to be accepted has to conform to a series of tests, which last year eliminated 79 per cent. Although it is supposed to be commonly applied throughout the EEC, the results in the various countries have been very different from those in Britain.

According to an answer in the European Parliament, acceptances in 1980-81 range between 100 per cent for Germany, Belgium and Denmark and 21 per cent for the UK.

Tea gardens face cash crisis

By P. C. Mahanti in Calcutta

NORTH INDIAN tea gardens are facing just as serious a crisis as the gardens in the south, according to the Indian Tea Association. The only difference, it says, is that no employer in the north has yet defaulted on wage payments as some in the south have reportedly done.

North Indian gardens are currently losing money due to rising costs of production and falling prices, the Association said in a Press release. Cash flow has been affected seriously and many have already dug deep into their reserves. Development activities in most cases have come to a standstill. The financial plight is likely to worsen in the coming months as the next instalment of a wage increase falls due and the workers demand bonuses.

While the average price has fallen by about Rs 1 to Rs 14 the cost of production has risen substantially because of higher prices of industry inputs such as coal, cement, fertilisers, pesticides and petroleum products, as well as labour costs.

Tea is a labour intensive industry where up to half of the unit cost is attributable to wages.

Setback for U.S. tax straddle bill

By Nancy Dunne in Washington

THE U.S. commodities industry won a considerable victory in the House Ways and Means Committee last week when a Bill taxing market gains and losses on a daily basis was rejected.

The legislation, designed to eliminate the use of market straddles as tax shelters, would disallow losses from commodity-related transactions for taxation purposes to the extent that they exceed gains from transactions in commodity-related property. The provision would thus deter outside straddlers, who enter the market only for the purpose of reducing their taxes on income earned outside the commodity markets.

However, a proposal to tax commodities on a "mark to market" or daily basis has passed the Senate finance committee. It faces a tough fight on the Senate floor

INDIA

Mrs Gandhi attacked over wheat imports

BY K. K. SHARMA IN NEW DELHI

MRS INDIRA GANDHI, India's Prime Minister, has come under strong attack from her political opponents for her decision last week to import 1.5m tonnes of wheat, possibly rising to 4m tonnes by commercial purchases in the U.S. grain markets.

Coming after a record grain harvest of nearly 135m tonnes in 1980-81, the decision has been described as a "national humiliation" since it brings to an end India's proud boast that it had become self-sufficient in food production after the "green revolution" in agriculture. These are the first food imports to be made in five years.

Mrs Gandhi's defence is that the imports are not really needed since grain stocks at present are around 14m tonnes, but that it was "expedient" to make the purchases at a time when wheat prices in the U.S. were at relatively low levels.

Anti-inflation

The Prime Minister took the decision for two reasons. First she found that there was a danger of grain stocks running down later in the year because of the failure of state agencies to procure the planned 9.5m tonnes of wheat for the government's stocks.

In spite of a record wheat crop of around 35m tonnes last winter and a substantial rise in procurement prices the wheat stocks are needed as an anti-inflation measure. An official committee has recommended that at least 10m tonnes of rice and wheat should be maintained as buffer stock while another 7m tonnes are needed for "operational purposes" to secure supplies to ration shops that constitute the public distribution system in urban areas.

Since wheat procurement fell short by 3m tonnes, it was recommended that imports be made as a precaution. This argument was fortified by reports that traders had bought up large amounts of wheat in the hope that shortages would force prices up. This kind of speculation forced sugar prices up earlier this year and the government has decided to combat such inflationary pressures at all costs.

The imports will inevitably mean a strain on the foreign exchange reserves, especially since the wheat purchases are to be accompanied by 500,000 tonnes of edible oil and 200,000 tonnes of sugar. The cost of these imports is estimated at around $2bn. Nevertheless, the decision was taken since at present foreign exchange reserves are relatively comfortable at around $5bn and price stability is considered essential for proper economic management.

The decision is not really a reflection on Indian agriculture which remains heavily dependent on monsoon rains. The grain stocks had reached a record 22m tonnes in 1977. They have fallen largely because of the drought in 1979 when production dropped sharply by around 20 per cent.

Agricultural experts say that two sub-normal monsoon seasons in five or six years cannot be avoided. They concede that agricultural production is getting stabilised at higher levels with the extension of area under irrigation and the adoption of improved techniques of cultivation which led to the "green revolution."

At the same time, with the steady rise in population and higher demand because of increased incomes as the tempo of economic development increases, consumption is going up rapidly. So far, production has kept pace with the increase in population but unless birth control measures are effective, this may no longer be the case in a few years.

With the decision to import wheat, the era of food self-sufficiency that began in 1976 has come temporarily to an end. Until now, it had been hoped that India would even be in a position to export grain. Indeed, in the last four years, the country has repaid the Russian wheat loan of 2m tonnes taken in 1974 and given Vietnam a loan of 600,000 tonnes.

This speaks well of the achievement in the past decade. In the five-year period 1970-75, the average annual output was only 103.02m tonnes and imports were a regular feature. A total of 14.5m was imported in the period.

Higher growth

Developments after 1975 have been highly encouraging. There was a setback only in 1979 when production fell to 108.85m tonnes from the earlier estimate of 118m and the record output of 1978 of 131.90m tonnes. In four seasons out of six, the yield of all food crops was above 125m tonnes and the annual average was fairly high at 121.89m tonnes.

But officials concede that renewed efforts are now needed to ensure a higher growth rate in the next five years to meet the demands arising out of higher consumption channelled through the Government's public distribution system, quite apart from maintaining satisfactory levels of buffer stocks.

INDIAN NEWSPAPERS have attacked the Indian Government's decision to import wheat, calling it the result of economic mismanagement. "The incongruity of our resorting to imports when production is at its peak and trade balance low cannot escape international attention," the Indian Express said.

In an editorial it said Indian wheat purchases were "among the more shocking results of the Government's economic mismanagement."

The Tribune said, the failure in the procurement drive in a year of record agricultural output must be attributed to administrative failings, which do not exactly bring credit to Mrs Gandhi's Government.

Opposition members of Parliament said expenses on imports could have been better spent by offering farmers more remunerative prices for their crops.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper touched £921 in initial trading, owing to short-covering, but fell on profit-taking to £914 before recovering to close at £919.75 as sterling gave ground. Tin rose to £6,840 following the substantial fall in stocks but ran into trade selling prior to closing the late Kerb at £6,790. Lead continued to gain ground and closed at £414, after extremes of £410 and £416, while rumours of American producer price rises lifted zinc to a day's high of £463 at the close. Aluminium was finally £633 and nickel £3,310.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	891.5-2	−2	893.5-4	+.25
3 months	917-.5	+.5	916.5-7	—
Settlem't	892	−2	—	......
Cathodes				
Cash	887-9	−.75	888-9	—
3 months	906-8	−2.25	908-9	—
Settlem't	889	—	—	......
U.S. Prod.	—		*80-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £893, 92.5, 92; three months £917, 16, 15, 14.5, 15, 15.5, 16, 16.5, 17. Cathodes: Three months £905. Kerb: Wirebars: Three months £916, 17, 16.5. Afternoon: Wirebars: Cash £894, 93.5; three months £914, 15, 15.5, 16, 16.5, 17, 16.5. Kerb: Wirebars: Three months £918, 19, 20. Turnover: 24,150 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6670-80	−32.5	6685-95	−25
3 months	6775-85	−32.5	6795-800	−27.5
Settlem't	6680	−30	—	......
Standard				
Cash	6670-80	−32.5	6685-95	−25
3 months	6775-85	−32.5	6795-800	−27.5
Settlem't	6680	−30	—	......
Straits E.	$29.40	—		
New York	—			

Tin—Morning: Standard: Cash £6,700, 6,690, 80; three months £6,840, 45, 40, 35, 30, 20, 6,800, 6,790, 80, 75. Kerb: Standard: Three months £6,785, 90, 85, 80. Afternoon: Standard: Cash £6,690; three months £6,790, 95. Kerb: Standard: Three months £6,810, 05, 6,800, 10. Turnover: 780 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	411.5-2	+2.25	412-3	+3.75
3 months	411.5-2	+3.25	412-.5	+5.75
S'ment	412	+2		......
U.S. Spot	—	......	*41	......

Lead—Morning: Cash £411.5; three months £413, 12, 11, 10, 10.5, 11, 12, 11.5. Kerb: Three months £411, 11.5. Afternoon: Three months £410, 09.5, 10, 10.5, 11, 12. Kerb: Three months £412, 13, 14. Turnover: 11,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	454-.5	−5.5	455-7	+.5
3 months	457-.5	−6.57	459-60	+1.25
S'ment	460	+3.5		......
Primw'ts	454.5	......	*46.5	......

Zinc—Morning: Cash £455; three months £456.5, 57, 56, 55, 55.5, 55, 56, 58, 57.5. Kerb: Three months £458.5. Afternoon: Three months £458, 57, 57.5, 58, 59. Kerb: Three months £459, 60, 61, 62, 63. Turnover: 9,125 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	608.5-9	−6.75	610.5-11.5	−1.5
3 months	628.5-9	−6	630-.1	−.75

Aluminium—Morning: Three months £628.5, 28. Kerb: Three months £629.5, 30. Afternoon: Three months £630.5, 30, 29.5, 30. Kerb: Three months £631, 32, 33. Turnover: 4,625 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3250-60	−37.5	3263-5	−23.5
3 months	3280-5	−24	3285-90	−15

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

Nickel — Morning: Three months £3,295, 90, 85. Kerb: Three months £3,280. Afternoon: Three months £3,290. Kerb: Three months £3,290, 3,310. Turnover: 666 tonnes.

SILVER

Silver was fixed 3.3p an ounce higher for spot delivery in the London bullion market yesterday at 475p. U.S. equivalents of the fixing levels were: spot $9.02, up 10c; three-month $9.411, up 11.4c; six-month $9.692, up 10.5c; and 12-month $10.457, up 8.4c. The metal opened at 476-480p ($9.00-9.20)) and closed at 471-475p ($8.9-9.0).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	475.00p	+3.30	475.0p	−5
3 months	489.50p	+3.90	489.5p	−4
6 months	505.75p	+3.55	—	......
12months	537.25p	+2.55	—	......

LME—Turnover: 102 (85) lots of 10,000 ozs. Morning: Three months 491.5, 92, 91, 90, 89, 90, 90.2, 90. Kerb: Untraded. Afternoon: Three months 486, 85, 88, 89. Kerb: Three months 489.5.

COCOA

Futures initially traded limit up on expectations that the EEC would sign the 1980 Cocoa Agreement but these gains were pared due to trade hedging of modest producer sales and commission house profit-taking. Actuals business was brisk with improved offtake among the industry, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	1060-70	+32.5	1095-90
Sept.	1087-88	+24.0	1125-75
Dec.	1126-28	+24.0	1154-23
March	1138-40	+25.5	1166-35
May	1145-48	+20.5	1180-45
July	1150-59	+18.0	1180-55
Sept.	1161-67	+15.0	1187-67

Sales: 10,263 (6,860) lots of 10 tonnes.

ICCO Futures—Daily price for July 10: 92.45 (87.78); five-day average 90.15 (88.71).

COFFEE

Robustas opened steadier than expected due to commission house and stop-loss buying, reports Drexel Burnham Lambert. Jobber liquidation and trade selling pushed values back to around mid-range.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	810-13	+34.5	820-795
Sept	853-34	+30.0	850-18
Nov	828-30	+28.0	847-18
Jan	829-30	+30.0	840-15
March	823-24	+29.0	835-17
May	821-25	+35.5	835-20
July	825-37	+31.0	—

Sales: 4,971 (3,935) lots of 5 tonnes.

ICO Indicator prices for July 10: (U.S. cents per pound): Comp. Daily 94.84 (92.54); 20-day average 93.93 (94.16).

GAS OIL FUTURES

The market opened strongly and traded up to the highs in good volume on a firmer physical price and a weaker dollar. A drop in prices met good support, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
July	303.00	+3.75	305.00-05.80
August	303.00	+5.00	303.50-00.00
September	303.25	+4.75	304.75-02.00
October	306.50	+4.50	307.00-05.00
November	310.00	+4.25	310.50-08.50
December	313.75	+4.25	314.00-09.50
January	316.50	+4.00	317.00-16.00
February	320.25	+2.75	—
March	323.50	+3.50	—

Turnover: 1,141 (1,800) lots of 100 tonnes.

GRAINS

Wheat and barley opened down, after initial profit-taking, good shipper buying supported barley. Wheat was bought on the back of barley in light trade. With commercials and jobbers selling barley the market eased off the highs at the close. Barley saw good two way trade at the higher levels, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Sep...	101.20	—	97.40	+0.25
Nov...	105.10	+0.05	101.45	+0.30
Jan...	109.10	−0.10	105.40	+0.20
Mar...	113.00	+0.10	108.70	+0.50
May.	116.50	−0.10	112.00	+0.05

Business done—Wheat: Sept 101.20-100.85, Nov 105.10-104.60, Jan 109.10-108.75, March 112.80-112.55, May 116.50-116.45. Sales: 161 lots of 100 tonnes. Barley: Sept 97.50-96.80, Nov 101.50-100.80, Jan 105.50-104.85, March 108.70-108.10, May 112.00-111.70. Sales: 637 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Aug 16, Sept 116.75 transhipment East Coast. U.S. Hard Winter 13½ per cent Aug 19, Sept 18.55 transhipment East Coast. English Feed fob Sept 105 and 104.50 paid East Coast. Maize: French July 128, Aug 125.25 transhipment East Coast. S. African Yellow Aug/Sept 94.75. Barley: English Feed fob Oct/Dec 104.75 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 111.00. Feed barley: Eastern 101.80; N. East 105.00. The UK Monetary Coefficient for the week beginning Monday July 13 (based on HGCA calculations using four day's exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier, with some interest at the lower levels, closing slightly steadier. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 250.0 (252.5) cents a kg and SMR 20 218.0 (219.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	62.90-62.90	63.10-63.20	—
Sept	63.80-63.90	63.80-63.90	63.50
Oct-Dec	64.90-65.00	65.30-65.50	65.10-64.10
Jan-Mar	67.30-67.40	67.80-67.90	67.50-66.60
Apl-Jne.	70.20-70.30	70.60-70.70	70.40-69.60
Jly-Sept	73.00-73.20	73.40-73.50	73.20
Oct-Dec	76.10-76.20	76.50-76.60	75.40
Jan-Mar	79.10-79.20	79.50-79.60	—
Apl-Jne.	82.00-82.10	82.30-82.60	—

Sales: 389 (471) lots of 15 tonnes; 6 (6) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 61.00p (same); Aug 61.75p (62.50p); Sept 62.25p (63.00p).

SOYABEAN MEAL

The market opened £3 higher on a bullish corn estimate, reports T. G. Roddick. Prices eased from long liquidation coupled with trade selling.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	138.70-37.5	+2.45	137.70-36.60
October	139.60-40.2	+0.80	142.00-38.50
December	144.60-45.5	+1.05	146.70-45.80
February	148.30-49.0	+1.90	150.00-46.50
April	148.80-52.0	+2.00	—
June	149.80-53.5	+2.75	—
August	158.00-55.0	+2.50	—

Sales: 164 (78) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Aug 390, 410, nil; Oct 399, 406, 400; Dec 402, 404, nil; Jan 404, 408, 405-404; Mar 411, 413, 413-411; May 423, 428, 423; Aug 431, 436, nil; Oct 434, 433, nil; Dec 434, 439, nil; Jan 433, 440, 435. Sales: 23.

BRADFORD WOOL MARKET — Prices were slightly firmer for some Merinos. The tendency to increase quotations reflects nervousness about replacement costs particularly for finer Merinos. Bradford is not a very active market, however, and buying is still for definite covering purposes.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. July 502.0, 503.0, 504.0-502.6; Oct 502.0, 502.9, 502.9-500.5; Dec 510.0, 510.9, 510.9-509.5; Mar 517.5, 518.0, 518.5-517.0; May 527.5, 528.0, 528.0-526.0; July 531.5, 532.0, 531.5-530.0; Oct 528.0, 529.0, 529.0; Dec 532.0, 534.0, 532.0. Sales: 330.

SUGAR

LONDON DAILY PRICE—Raw sugar £225.00 (£219.00), a tonne cif July-Aug shipments. White sugar daily price £243.00 (£239.00).

The market remained very steady in quiet trading conditions, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	221.00-21.25	217.00-17.25	221.50-17.50
Oct.	221.55-21.85	217.25-17.50	221.95-17.80
Jan.	220.25-20.75	216.50-16.75	220.25-16.75
March	223.00-23.20	219.05-19.20	223.30-19.25
May	224.75-25.00	220.50-20.75	225.00-22.00
Aug	225.75-26.50	221.75-21.50	—
Oct.	227.50-28.00	225.00-25.50	227.50

Sales: 6,791 (7,515) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne for home trade and £334.5 (£328.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 10: Daily price 16.70 (15.99); 15-day average 15.73 (15.70).

COTTON

LIVERPOOL—No spot or shipment sales were reported. Absence of demand remained a feature, with users still extremely reluctant to anticipate their needs. The call for supplies was negligible, even in the more popular styles in American type growths.

TEA AUCTION

LONDON TEA AUCTION—28,664 chests were on offer at yesterday's auction. A good demand prevailed. Best Africans tended dearer, while others opened on a firm note but closed strongly often 2-3p higher, but Dust grades remained weak throughout and were frequently neglected. Brighter Ceylons sold well and often advanced while mediums were firm but Dusts stayed weak. Quotations: quality 128p per kilo (128p), medium 104p per kilo (104p), plain no quotation (81p).

POTATOES

LONDON POTATO FUTURES — The market was quiet but consolidated recent gains, reports Coley and Harper. Closing prices: Nov 73.00, 1.50 (high 73.90, low 72.00): Feb 83.00, 1.00 (high 53.80, low 52.50); April 93.00, 1.00 (high 93.90, low 92.50). Turnover: 214 (328) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 72.5 to 77.5; Ulster hindquarters 83.5 to 85.0, forequarters 57.5 to 58.0. Lamb: English small 59.3 to 66.0, medium 58.0 to 64.0; Imported frozen: New Zealand PL 60.0 to 62.0, PM 58.5 to 60.0. Pork: English, under 100 lb 43.5 to 52.0, 100-120 lb 45.6 to 51.0, 120-160 lb 43.0 to 49.5.

MEAT AND LIVESTOCK COMMISSION—Average Fatstock prices at representative markets on July 13. GB—Cattle, 88.29p per kg lw (−3.04). UK—Sheep, 133.65 per kg est dcw (−17.05). GB—Pigs, 71.45p per kg lw (−4.64).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 5.00, 56 5.80, 72 5.75, 88 5.15, 112 4.85, 138 4.85, 150 4.40; Californian: 72/113 6.50-7.50; Moroccan: Lates 100 3.00. Lemons—Spania: Trays 25/50 2.00-2.80; Californian: 95/145 5.50-6.50; Outspan: 80/195 5.50-7.00. Grapefruit—Outspan: 40 4.55, 48 4.55, 56 4.10, 64 3.70, 72 3.30; Jaffa: 20-kg 40 3.00-3.60, Spring crop 4.50-4.60. Apples—S. African: Granny Smith 5.80-6.20, Golden Delicious 5.00-5.50, Starking 6.00-7.00, Yorks 3.80-5.00; Chilean: Granny Smith 4.30-4.50, Starking 5.00; Italian: Starking 5.00; New Zealand: Granny Smith 5.30-6.30, Sturmer Pippins 5.00-5.80, Golden Delicious 5.00-6.00, Red Delicious 8.00, Dougherty 7.50-7.80; Tasmanian: Granny Smith 4.80, Sturmer Pippins 5.00-5.50, Democrats 6.50-7.00, Crofton 7.40-7.80; U.S.: Red Delicious 10.00-11.00; French: Golden Delicious 40-lb 125/175 3.50-4.50. Pears—Victorian: Winter Nelis 4.00-4.60, Packham's 6.00-6.50, Josephines 4.30-5.80; Spanish: Per pound Morettini 0.15. Nectarines—Italian: Large trays A/C 4.00-6.00. Plums—Spanish: Rosas 3/8 2.00-3.50, Gaviota 3/8 2.00-3.80, Burbank per pound 0.25-0.35. Apricots—Spanish: 11-lb 2.20-2.80; Hungarian: 13-lb 2.20-2.40. Cherries—U.S.: 18-lb, per pound 0.85-0.90; Turkish: 1.00. Grapes—Chilean: Almeria 5.00, Red Emperor 11-lb 4.00-4.50; Israeli: Perlette 9-lb 4.25, Cardinal 4.00; Cypriot: Cardinal 11-lb 4.40, Sultana 5.50, Thompson 9.90. Melons—Israeli: Carmel Yellow 8/12 3.60-5.00; Spanish: 10-kg Yellow 3.50-4.00. Water-Melons—Spanish: 15-kg 2.50-3.00, 12-kg 1.50-2.50; Italian: 15-kg 5.00. Peaches—Italian: Large trays A/D 1.70-3.50; Greek: 1.20-2.00; French: 1.40-2.80. Pineapples—Ivory Coast: Each 0.40-0.90; S. African: Shelford 5/9 2.25-3.00. Bananas—Colombian: Per pound 0.18-0.20. Avocados—S. African: 12/16 3.50-3.80. Tomatoes—Dutch: 13-lb 3.30-3.40. Onions—Spanish: Liris 3/5 4.00-5.00; Israeli: Carmel 8.00. Potatoes—Jersey: New, per 55-lb 3.00; Cypriot: 44-lb bags 5.20. Capsicums—Spanish: 5-kg green 3.00, red 2.40; Dutch: 5-kg green 4.40, red 3.80. Fennel—Italian: 20-lb 5.50; Dutch: 5-kg 3.80. Aubergines—Dutch: 5-lb 4.80. Carrots—Italian: 22-lb 2.20-2.50; French: Nantes 26-lb 2.40; Cypriot: 22-lb 2.50-2.80. Cabbages—Dutch: White 7.00, red 16.00.

English Produce: Potatoes—Per 55-lb, Kent 2.80-3.00, Essex 3.00, Lincoln 3.00. Mushrooms—Per pound open 0.25-0.30, closed 0.65-0.70. Apples—Per pound Bramley 0.10-0.15. Cauliflowers—Per 12 Lincoln 1.60-2.20. Cabbages—Per bag spring 22-lb 1.00-2.00, Primo 20-lb 2.00-3.00. Lettuce—Per 12 round 1.00-1.40, Cos 10/12 2.00-2.40. Tomatoes—Per 12-lb 3.00-3.40, E 3.00. Radishes—Per pack of 12 x 8-oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches spring 2.50, 55-lb 40/60mm 3.00-4.00. Celery—Per 15/24 2.50-3.50. Cucumbers—Per 10/20 1.80-2.00. Gooseberries—Per pound (12-lb) 0.18-0.20, Levellers 0.15-0.35. Broad Beans—Per 24-lb 0.08-0.09. Peas—Per 20-lb net 1.50-2.00, 40-lb 3.50-4.00. Carrots—Per 26/28-lb 2.00-3.30. Strawberries—Per ½-lb 0.10-0.30. Raspberries—Per ¼-lb 0.10-0.25. Beetroots—Per 28-lb 2.00-2.40. Marrows—Each 0.20-0.25.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.50, codlings £2.50-£3.50. Large haddock £3.50-£4.00, medium £3.00-£3.80, small £1.80-£2.30. Large plaice £5.00-£5.50, medium £4.50-£5.70, best small £3.50-£4.50. Skinned dogfish (medium) £4.50-£5.50. Lemon soles (large) £9.00, (medium) £8.00. Saithe £1.20-£1.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 13 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1145/1175	....	$1255/285
Copper			
Cash w'bar	£893-75	+0.25	£871.75
3 mths	£916.75	....	£896.75
Cash Cathode	£888.5	....	£864.75
3 mths	£906.5	....	£885.75
Gold troy oz	$414	....	$470.5
Lead Cash	£412.5	+3.75	£358
3 mths	£412.25	+5.75	£366.25
Nickel	£3,850.50	....	£3,504.50
Freemkt	275/295c	....	275/285c
Platin'mtr'y oz	£247.0	....	£247
Freemkt	£217.95	....	£226.70
Quicksilvert	$430/435	....	$425/435
Silver troy oz	475.00p	+3.5	551.40p
3 mths	489.50p	+3.9	547.75p
Tin Cash	£6,680	−25	£6,375
3 mths	£6,797.5	−27.5	£6,505.5
Tungsten22.04lb	$143.64	....	$143.75
Wolfrm 22.04 lbs	$149/152	....	$146/149
Zinc Cash	£456	+0.5	£423.25
3 mths	£459.5	+1.25	£424.75
Producers	$925	....	$925
Oils			
Coconut (Phil)	$600w	+5	$585.00
Groundnut	‡	....	‡
Linseed Crude	£452	....	£442
Palm Malayan	$590x	....	$630
Seeds			
Copra Philip	$370w	+10	$385
Soyabean(U.S.)	$310z	+8.5	$302
Grains			
Barley Fut.Nov	£101.45	+0.30	£94.50
Maize	£128	....	£127.5
WheatFut. Nov	£105.10	+0.05	£99.95
No4 HardWint	£119.00z	+0.75	£112.75
Other commodities			
Cocoa ship't *	£1128	+24	£888
Future Sept	£1087.5	+24	£827.5
CoffeeFt' Sept	£853.5	+30	£858
Cotton A.Index	86.20c	....	87.05c
Gas oil Aug	$303.00	+5	$278
Rubber (kilo)	61p	....	60.25p
Sugar (Raw)	£225w	+6	£200
Woolt'ps 64s kl.	381p kilo	+3	368p kilo

‡ Unquoted. y Aug-Sept. w July-Aug. z Aug. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, July 13.

Trade selling in precious metals and copper touched off stops which carried the market sharply lower. Expectations of favourable grind figures rallied the cocoa market limit up. In coffee there was enough support of the long side based on a new selling policy by Brazil. Cotton was unable to rally as the pressure of sales cancellations put the near-by months lower. Maize and soyabeans rallied sharply following a constructive crop production estimate while wheat was much lower as a result of heavy harvest pressure, reported Heinold.

Copper—July 76.00 (77.35), Aug 76.75 (78.20), Sept 7.90-78.10, Dec 81.60-81.75, Jan 82.85, March 85.30, May 87.30, July 89.35, Sept 91.45, Dec 94.60, Jan 95.70, March 97.80, May 99.90.

*Gold—July 405.4 (418.0), Aug 408.0-410.0 (422.0), Sept 414.2, Oct 418.5-420.0, Dec 429.0-430.0, Feb 438.5-439.0, April 450.1, June 460.4, Aug 470.7, Oct 481.2, Dec 490.0, Feb 502.7, April 513.6.

*Platinum—July 396.9 (410.8), Aug nil (919.0), Sept nil, Oct 410.5-411.0, Jan 426.2, April 442.2, July 458.7, Oct 475.7.

Potatoes (round whites)—Nov 75.9-76.2 (72.2), Feb 83.8 (78.8), March 87.1, April 97.2. Sales: 842.

¶Silver—July 875.5 (912.5), Aug 883.0 (921.0), Sept 893.0-897.0, Dec 933.0-936.0, Jan 846.5, March 973.0, May 995.5, July 1020.0, Sept 1044.5, Dec 1081.5, Jan 1094.0, March 119.0, May 1144.0. Handy and Harban bullion spot 894.00 (910.00).

Sugar—No. 11: Sept 17.40-17.60 (17.07), Oct 17.70-17.90 (17.07), Jan 17.40, March 17.75, May 17.98, July 18.20-18.25, Sept 17.95-18.05, Oct 18.16. Sales: 12,400.

Tin—578.00-585.00 (582.00-589.00).

CHICAGO, July 13.

Lard—Chicago loose 20.50 (20.25).

Live Cattle—Aug 66.35-66.25 (66.45), Oct 63.15-63.20 (63.47), Dec 63.90-64.05, Feb 64.82-64.95, April 65.95, June 67.15.

Live Hogs—July 52.45-52.80 (52.80), Aug 52.25-52.40 (51.77), Oct 50.10-50.20, Dec 52.90-53.20, Feb 54.90-54.85, April 53.92, June 5.65, July 55.75, Aug 53.75.

‡‡Maize—July 355½ (345½), Sept 366½-366 (357), Dec 377-376½, March 388-389, May 394½-395, July 399.

Pork Bellies—July 48.60 (47.55), Aug 49.00-48.90 (47.45), Feb 65.50-66.90, March 65.70-65.80, May 66.90, July 67.80, Aug 67.45.

†Soyabeans—July 755-755½ (750½), Aug 764½-762 (762½), Sept 776, Nov 795-797, Jan 817-816, March 836½-837, May 853½, July 866.

¶Soyabean Meal—July 212.5 (210.5), Aug 214.0-214.2 (212.3), Sept 217.0-217.5, Oct 220.0-219.5, Dec 226.8-226.5, Jan 229.0-229.5, March 237.0-236.0, May 239.0-240.0, July 241.5-242.5, Aug 243.0-243.5.

Soyabean Oil — July 24.60-24.55 (24.30), Aug 24.90-24.95 (24.60), Sept 25.30, Oct 25.65-25.75, Dec 26.50-26.60, Jan 26.85-26.95, March 27.45-27.40, May 27.90, July 28.45, Aug 28.40-28.50.

†Wheat—July 389½ (396¾), Sept 404-403½ (410), Dec 433½-434, March 458-458½, May 471-471½, July 477½.

WINNIPEG, July 13.

§Barley—July 143.40 bid (142.80), (142.80), Oct 135.20 (134.40), Dec 135.60 bid, March 137.60 bid, May 140.50 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 246.77 (249.62).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, July 13.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Aug/Sept 206. U.S. No Two Red Winter July 154, Aug 160. U.S. No Two Northern Spring 14 per cent Aug 195.50, Sept 198.50, Oct 204, Nov 208.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat 160/160.50, Sept 161.50 traded, afloat July/Aug 160, Sept 161.50, Oct 165, Nov 166, Dec 169, Oct/Dec 167, Jan/Mar 174.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Aug 304.50, Sept 305.50, Oct 308.50, Nov 309, Dec 315.50, Jan 321.50; Feb 325.50, Mar 330.50, April 336, May 338. Argentine Aug 298.75 sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat July 251, Aug 254, Sept 257, Oct 261.75 traded, Nov/Mar 273 sellers. Brazil Pellets afloat 259, July 255.75, Aug 262, Sept 268 sellers.

PARIS, July 13.

Cocoa—(FFr per 100 kilos): July 1110-1200, Sept 1205-1220, Dec 1222-1240, March 1249-1268, May 1273 bid, July 1296 bid, Sept 1316 bid. Sales at call: Nil.

Sugar—(FFr per tonne): Aug 2640-2660, Oct 2495-2500, Nov 2480-2510, Dec 2440-2470, March 2500-2510, May 2530-2550, July 2540-2560, Aug 2550-2620. Sales at call: Nil.

INDICES

FINANCIAL TIMES

July 13	July 9	Month ago	Year ago
258.99	255.23	253.32	272.20

(Base: July 1, 1952=100).

MOODY'S

July 10	July 9	Month ago	Year ago
1075.3	1068.6	1082.6	1181.0

(December 31, 1931=100)

DOW JONES

Dow Jones	July 10	July 9	Month ago	Year ago
Spot	385.43	380.84	379.68	435.17
Fut'rs	388.09	384.32	382.61	449.20

(Average 1924-25-26=100)

REUTERS

July 13	July 10	M'nth ago	Year ago
1813.8	1807.5	1753.2	1676.4

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Late news of BP issue looking good influences equities and index gains 7.5 to 532.1—Gilts close below best

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3
July 27	Aug 6	Aug 7	Aug 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

Recent fears that the response to **British Petroleum's** jumbo rights issue, and to the HMG new shares in particular, would be poor were allayed yesterday, the closing date for acceptances. This followed a generally firm tone in the Oil sector as London stock markets began a new trading Account highlighted by BP's partly-paid new shares rising to 146p before closing at 144p, which represented a premium of 19p on the 125p-paid shares.

Other factors prompting confidence in oils included the prospect of other UK majors following Esso's lead and increasing pump prices together with a sympathetic reaction to another outbreak of merger mania in U.S. oil and energy stocks. The latter hopes were sparked off by the fierce battle developing for control of **Conoco**—at least two U.S. oil majors have recently arranged substantial lines of credit and could join the issue.

Reports that the social crisis following recent city street riots could exert pressure on the Government to review its economic strategy made no impression on sentiment. The announcement after-hours from BP advisors that counting was "looking very good" propelled leading shares forward and the FT Industrial Ordinary share index, only 2.3 higher at 3 pm, moved up sharply to close with a gain of 7.5 at 532.1.

Government securities extended their rally but early investment enthusiasm failed to last and the new Treasury index-linked 2006 stock, after rising to 33⅞ in £30-paid form, drifted back to close only ½ up on balance at 33¼. Most longer-dated issues also had their gains clipped, although there were exceptions with some holding rises of ½. The shorts, however, surrendered initial improvements of ⅛ to end ⅛ down on the day. The Government broker was not bid for supplies of the tap, Treasury 11½ per cent 1985, after withdrawing his price of 91¼ on Friday.

British Petroleum again stood out in an otherwise lacklustre Traded options market, contributing 490 trades out of 1,061—well below last week's daily average of 1,836.

The debut of **Jackson Oil** in the Unlisted Securities Market was low-key; the shares opened at 65p and drifted back to 61p, a discount of 11 on the offer price of 72p.

Grindlays up

Two firm features emerged in the Banking sector, **Grindlays** rising 10 to a 1980 peak of 215p on revived speculative demand in a thin market and **Manson Finance** advancing 13 to 96p; last year, the latter announced its preliminary results on July 29. The major clearing banks, a few pence easier at first, perked up in the late trade to close with modest gains. Discounts also closed firmer for choice, **Union**, interim results tomorrow, rising 13 to 478p.

An easier trend was apparent in recently firm Composite Insurances. **Commercial Union**, the subject of considerable speculative activity of late, softened 5 to 173p, while **Eagle Star** closed 2 cheaper at 310p, after 308p. Among Life issues, **Sun Life**, still responding to increased new business, advanced another 10 to 318p.

Standing a shade easier for most of the session, Breweries responded to buying after the "House" close and ended up on balance. The firmer tone spread to Wines and Spirits among which **Arthur Bell** picked up 4 at 132p and **Distillers**, annual results due Thursday, improved 7 at 228p.

Isolated features in the Building sector included **George Wimpey**, up 4½ at 116½p, reflecting the company's London property interests, and **John Finlan**, 10 to the good at 150p on revived takeover rumours. Among Timbers, **Magnet and Southerns** cheapened 6 to 150p awaiting today's preliminary results, but **Montague L. Meyer** remained a firm market and added 2 more to 72p xd. **Westbrick Products**, up 25 on Friday on the dawn raid and subsequent bid approach from C. H. Beazer, softened a penny to 82p.

Interest in **ICI** was limited, but the price improved 4 to 272p. Elsewhere in the Chemical sector, **Bayer** were quoted at £27¼ ex rights with the "rights" at 35p premium.

Leading Stores were quiet, but **Gussies A** rose 10 to 450p. Mail-orders, neglected of late, found support and **Grattan Warehouses** advanced 8 to 100p, while gains of 6 were noted for **Empire**, 96p, and **Freemans**, 116p. Revived interest was shown for Mr Asil Nadir's trio; **Polly Peck** added 11 more to 353p, while **Cornell Dresses**, 165p, and **Wearwell**, 90p, rose 5 and 4 respectively.

Much of the day's interest in the Electrical sector centred on **Thorn EMI** which responded afresh to the preliminary figures with a further jump of 21 for a two-day rise of 41 to 426p. Late buying interest left **GEC** 10 to the good at 740p. Among secondary issues, further consideration of the annual results prompted demand for **Sound Diffusion**, 13 higher at 115p. **Whitworth Electrical** also found support at 88p, up 9, along with **Fidelity Radio**, 3 firmer at 46p.

Following late overnight buying on Friday, **GM Firth** opened higher at 80p and rose further to close at 89½p for a rise of 9½ on the day; it was announced yesterday that Mr Ian Wasserman had acquired a 20 per cent stake in the company. Elsewhere in the Engineering sector, weekend Press mention stimulated fresh demand for **Amalgamated Power**, which rose 8 more to 108p. **Braithwaite** were also noteworthy for a similar rise at 130p, while **Yarrow** firmed 10 to 280p in a limited market.

Food Retailers made a firm showing with **J. Sainsbury** rising 10 to 428p and **Associated Dairies** 4 to 184p. **Amos Hinton** improved 4 to 176p following the annual meeting. Elsewhere, **British Sugar** eased 5 to 328p following adverse Press comment, but **Barker and Dobson** added a penny to 8½p after a favourable mention.

Norfolk Capital, down 6 on Friday on the bigger half-yearly loss and dividend omission, rallied 4 to 34p, but **Brent Walker** lacked support and shed 3½ to a 1980 low of 49p xd.

Rank Org. weak late

The miscellaneous industrial leaders traded quietly, but took a distinct turn for the better as the day progressed. **Bowater** improved 7 to 265p and **Glaxo** 6 to 380p, while favourable weekend Press mention lifted **BOC** 4 to 136p and **Turner and Newall** a few pence to 84½p. In marked contrast, **Rank Organisation** turned weak in the late dealings, closing 14 down at 154p on the sharp fall in half-year profits; **A. Kershaw** lost 10 to 290p. On the other hand, **Western Board Mills** responded to the preliminary results with a rise of 6 to 138p, while **LRC**, also reflecting satisfactory annual figures, improved 4½ to 47½p. Speculative demand lifted **Braby Leslie** 6 to 44p and **Ofrex** 13 to 103p, while **Sketchley** firmed 7 to 270p on investment support. **Barget** rose 8 to 188p in a limited market. Press mention stimulated interest in **Silentnight**, which improved 4 to 90p. Other bright spots included **A. Holden**, 5 higher at 102p xd.

Newspapers were mixed. **Associated** remained a firm market ahead of tomorrow's half-timer, closing 7 better at 228p, but **Bristol Evening Post**, annual results Thursday, shed that much to 198p.

Properties continued to draw strength from the GLC's decision to ban new office developments in London. Additionally supported by a broker's circular, **Land Securities**, ex the one-for-four scrip issue, became a particularly active market and touched 345p before profit-taking left the close just 2 dearer on balance at 336p. **MEPC** ended 5 up at 240p, after 242p, and **British Land** a penny firmer at 96p, after 99p. **Stock Conversion** rose 10 to 370p on late demand, while **Property and Reversionary** added 6 to 170p, the latter reflecting favourable Press comment. **London Shop Property** hardened a penny to 111p; the price shown in last Saturday's issue was incorrect.

The continuing recovery in **British Petroleum** partly-paid new shares, which closed 4 higher at 144p, gave a fresh boost to recently-waning confidence in the Oil sector yesterday. **Shell** were outstanding again with a further rise of 16 to 368p, while **Tricentrol** closed 8 up at 252p and **Ultramar** 10 to the good at 440p. Among the more speculative issues, **Clyde** rose 15 to 170p and **CCP** 9 to 195p. Because of a technical error, a number of late improvements ranging from a penny to 10 in Oil share prices on Friday failed to appear in Saturday's Share Information Service; changes in today's issue are based on the higher closing prices, on which basis BP rose from 290p to 296p.

Quiet mines

Mining markets began the week in subdued form. South African Golds got off to a firm start, with bullion holding around Friday's closing level. However, a marginal decline in the metal price was followed by light selling of Golds and share prices drifted for the rest of the day before steadying at the close.

The Gold Mines index eased 0.2 to 323.0 while the bullion price was finally $4 cheaper at $414 an ounce.

In the heavyweights, losses of around a point were common to **Randfontein**, £22⅞, and **Hartebeest**, £26⅞, while **Western Deep** gave up ⅞ to £20⅞ and **Buffels** ½ to £17½.

On the other hand, **St. Helena** retained an initial gain of ½ and closed at £17⅞ with **Western Holdings** a like amount firmer at £26⅞.

News of a riot at **President Steyn** and a production halt at two of the mine's four shafts saw the company's shares lose ½ to £16⅞.

South African Financials moved similarly to Golds, but Coals made good progress with "**Amcoal**" and **Transvaal Consolidated Land** gaining ½ apiece to £14⅞ and £22 respectively.

Ireland's **Silvermines** recouped 5 to 90p after last week's sharp fall.

Australians were quietly steady, aided by modest gains in overnight domestic markets. In the leaders, **CRA** were prominent and advanced 12 to 248p while **Pancontinental** rose 10 to 375p. Among the speculatives, **Haoma Gold** put on 4 to 56p and its associate **North West Mining** rose 5 to 49p.

FINANCIAL TIMES STOCK INDICES

	July 13	July 10	July 9	July 8	July 7	July 6	A year ago
Government Secs.	64.61	64.58	64.00	63.81	64.76	64.67	70.61
Fixed Interest	66.40	66.23	66.15	66.75	66.97	67.04	72.05
Industrial Ord.	532.1	524.6	519.0	522.4	529.8	540.8	489.0
Gold Mines	323.0	323.2	314.1	293.2	295.1	288.5	365.8
Ord. Div. Yield	5.98	6.07	6.15	6.11	6.05	5.91	7.46
Earnings, Yld. %(full)	11.52	12.09	12.38	12.27	12.11	11.87	18.07
P/E Ratio (net) (*)	10.87	10.32	10.09	10.15	10.29	10.50	6.68
Total bargains	180.36	19,673	18,915	16,646	20,338	19,521	26,176
Equity turnover £m.	—	149.73	133.83	138.67	120.27	114.33	114.36
Equity bargains	—	15,367	14,469	15,022	16,145	13,611	21,594

10 am 526.4. 11 am 526.2. Noon 526.7. 1 pm 526.9. 2 pm 526.9. 3 pm 526.9.

*Nil=10.02.

Latest Index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	63.81 (9/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	66.15 (9/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	597.5 (30/4)	446.0 (14/1)	597.5 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (8/1)	262.5 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 10	July 9
—Daily		
Gilt Edged Bargains	206.6	199.8
Equities Bargains	99.6	93.7
Value	302.5	270.5
5-day Avrge.		
Gilt Edged Bargains	178.6	165.2
Equities Bargains	99.5	98.6
Value	265.5	247.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (36)

BRITISH FUNDS (3)
Treasury 3pc 1982
Treas. 2pcIL (£30pd.)
Exchequer 3pc 1984
AMERICANS (2)
Conoco
Reliance
BANKS (2)
Grindlays
Wintrust
BEERS (3)
Burtonwood
Do. N V
Young & Co. 'A'
BUILDINGS (2)
Finlan (John)
Roberts Adlard
CHEMICALS (1)
Ransom (Wm.)
ELECTRICALS (3)
Thorn EMI
Whitworth
Western Selection
ENGINEERING (3)
Amal. Power
Firth (G. M.)
Braithwaite
INDUSTRIALS (8)
Bestobell
Ofrex
Black Arrow
Phillips Patents
Black (P.)
Sketchley
Friedland Doggart
Western Board Mills
INSURANCE (1)
Sun Life
LEISURE (1)
Saga Holidays
PAPER (2)
Delyn
Smurfit (J.)
TEXTILES (1)
Yorklyde
TRUSTS (2)
GT Japan
Mercantile House
OIL AND GAS (1)
Gaelic Oil
OVERSEAS TRADERS (1)
Finlay (James)

NEW LOWS (24)

COMMONWEALTH AND AFRICAN LOANS (1)
NZ 7½pc 1983-86
AMERICANS (1)
Sperry Corp.
STORES (1)
Sonic Sound
ELECTRICALS (1)
Forward Technology
ENGINEERING (1)
Bromsgrove Casting
FOODS (1)
Barrow Milling
HOTELS (1)
Brent Walker
INDUSTRIALS (4)
Cape Inds.
Neil & Spencer
Christies Int.
WGI
LEISURE (2)
Campari Int.
Hawley Leisure
PAPER (1)
Culter Guard
OIL AND GAS (5)
Branon
Hansa Pet.
BP 8pcPf.
KCA
Falmouth
OVERSEAS TRADERS (1)
Inchcape
MINES (4)
Hemerdon
Tanjong
Southern Pacific
York Resources

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	60	19	16
Corpns. Dom. & Foreign Bonds	21	3	43
Industrials	311	154	906
Financial & Props.	133	56	311
Oils	32	24	37
Plantations	4	3	16
Mines	37	48	82
Others	40	65	86
Totals	638	372	1,497

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Amal. Power Eng.	108	+ 8	Mercantile House	533xd	+37½
Commercial Union	173	− 5	Ofrex	103	+13
Firth (G.M.)	89½	+ 9½	Polly Peck	353	+11
LRC International	47½	+ 4½	Rank Organisation	154	−14
Land Securities	336xc	+ 2	Sketchley	270	+ 7
MEPC	240	+ 5	Thorn EMI	426	+21

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's week	Stock	No. of price changes	Friday's closing price pence	Day's week
Berec	30	90	+20	RTZ	17	525	+15
Thorn EMI	27	405	+20	Shell Trans.	16	352	+14
KCA	18	134	− 2	Town and City	16	28	+ 1½
Land Sec.	18	403	+17	British Land	15	95	+ 6
BP	17	290	+ 8	Hanson Tst.	15	278	− 5
Comm. Union	17	178	+ 4	Cons. Gold	14	450	+17
First Nat. Fin.	17	34½	+ 1½	ICI	14	268	—

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2
Aug. 3	Aug. 14	Nov. 5	Nov. 16

For rate indications see end of Share Information Service

Call options were arranged in Leunons, Premier Oil, BP, KCA, Burmah Oil, Woodside, ICI, Imps, Tubes, Town and City Properties, Associated Communications, Henry Ansbacher, Bula, Target Petroleum, Smith Bros., Hawtin, Rothmans International, Allied Plant, Commercial Union and HAT. No puts were reported, but a double was taken out in BP.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon., July 13, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. July 10 Index No.	Thur. July 9 Index No.	Wed. July 8 Index No.	Tues. July 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	348.32	+0.5	10.60	4.49	11.67	346.46	343.31	347.50	349.76	272.16
2	Building Materials (25)	298.41	−0.2	13.56	5.71	8.97	299.13	297.05	300.56	301.93	257.37
3	Contracting, Construction (28)	548.32	+0.9	17.31	5.16	6.72	543.55	538.23	549.09	550.47	405.51
4	Electricals (29)	1152.68	+0.9	7.97	2.38	15.34	1142.86	1128.96	1135.74	1146.71	759.50
5	Engineering Contractors (11)	490.20	+0.5	12.16	5.50	9.91	487.64	486.01	497.12	497.12	329.94
6	Mechanical Engineering (69)	207.15	+0.3	12.82	5.77	9.80	206.48	204.48	207.25	208.50	180.46
8	Metals and Metal Forming (13)	145.35	+0.3	11.10	8.17	11.85	144.86	143.27	145.90	147.96	168.11
9	Motors (21)	99.35	—	3.62	7.03	—	99.34	98.43	99.54	100.85	101.69
10	Other Industrial Materials (18)	370.98	+0.7	9.85	5.39	12.18	368.35	368.33	376.35	375.61	0.00
21	CONSUMER GROUP (195)	277.46	+1.2	12.56	5.75	9.80	274.26	271.93	273.76	276.51	236.29
22	Brewers and Distillers (20)	308.26	+1.6	14.87	6.26	8.00	303.50	302.41	300.75	305.46	300.93
25	Food Manufacturing (21)	256.22	—	15.26	6.47	7.88	256.22	255.50	257.69	259.05	216.66
26	Food Retailing (14)	525.51	+1.5	9.37	3.38	12.72	517.81	515.58	523.48	528.38	329.50
27	Health and Household Products (7)	336.65	+0.9	8.18	4.35	14.56	333.68	331.59	332.40	337.04	228.88
29	Leisure (22)	431.68	+2.3	10.05	4.89	12.30	421.94	412.83	414.59	416.21	342.30
32	Newspapers, Publishing (12)	497.05	+0.4	12.52	6.02	11.36	494.91	488.89	490.67	491.22	440.97
33	Packaging and Paper (13)	144.46	+1.9	14.54	7.33	8.17	141.77	140.55	142.59	143.92	137.86
34	Stores (44)	257.06	+1.3	11.24	5.14	11.84	253.82	250.72	251.28	253.62	224.17
35	Textiles (23)	158.33	+1.2	7.08	5.79	20.64	156.48	156.13	157.45	159.11	140.52
36	Tobaccos (3)	251.78	+0.9	20.87	9.86	5.58	249.51	245.84	256.28	260.45	223.41
39	Other Consumer (16)	294.90	+0.2	5.51	6.44	34.30	294.36	295.03	298.32	295.69	0.00
41	OTHER GROUPS (79)	222.65	+0.2	13.40	6.80	9.10	222.17	222.52	222.76	224.97	223.83
42	Chemicals (15)	279.04	+1.4	11.65	7.44	10.73	275.13	274.56	270.67	277.70	313.64
44	Office Equipment (6)	108.58	−3.9	16.96	7.71	6.96	113.02	115.55	116.65	115.22	107.80
45	Shipping and Transport (13)	534.69	—	16.51	7.10	7.11	534.68	538.43	544.68	543.30	595.07
46	Miscellaneous (45)	290.34	—	13.35	5.75	9.16	290.28	289.80	293.25	294.13	275.82
49	INDUSTRIAL GROUP (488)	293.90	+0.8	11.92	5.40	10.33	291.54	289.36	291.70	294.24	249.41
51	Oils (12)●	694.29	+2.9	24.17	8.27	4.59	675.08	653.38	659.05	672.16	784.74
59	500 SHARE INDEX ●	326.36	+1.1	13.98	5.88	8.53	322.65	318.94	321.55	324.92	291.89
61	FINANCIAL GROUP (118)	265.09	+0.5	—	5.52	—	263.65	259.18	261.89	265.77	228.76
62	Banks (6)	275.75	+0.8	33.24	6.58	3.50	273.57	266.84	270.49	275.03	241.25
63	Discount Houses (10)	277.45	+1.1	—	8.13	—	274.47	274.68	274.84	278.05	269.54
64	Hire Purchase (3)	245.83	+0.4	12.46	7.39	11.11	244.96	251.76	251.21	251.82	238.39
65	Insurance (Life) (10)	267.29	+0.2	—	5.66	—	266.79	263.87	265.49	267.75	223.84
66	Insurance (Composite) (9)	171.52	−0.9	—	7.43	—	173.10	172.09	172.75	176.35	152.76
67	Insurance Brokers (8)	391.25	+0.2	11.41	5.93	11.90	390.65	389.54	391.26	397.16	334.46
68	Merchant Banks (13)	169.45	+0.2	—	5.01	—	169.05	168.40	171.71	172.53	131.41
69	Property (49)	487.44	+1.8	3.79	2.84	36.24	478.88	464.82	471.43	478.14	425.64
70	Miscellaneous (10)	176.53	+0.5	18.28	5.82	6.65	175.61	173.58	175.86	177.69	139.13
71	Investment Trusts (109)	306.43	+0.3	—	5.15	—	305.64	303.67	309.30	310.31	257.26
81	Mining Finance (3)	247.25	−0.1	14.24	5.53	8.27	247.47	239.01	239.69	241.76	240.81
91	Overseas Traders (20)	430.16	−0.1	11.88	6.92	10.50	430.45	428.68	433.48	438.24	407.06
99	ALL-SHARE INDEX (750)●	314.18	+0.9	—	5.78	—	311.31	307.37	310.20	313.55	279.06

FIXED INTEREST

	PRICE INDICES	Mon. July 13	Day's change %	Fri. July 10	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.52	−0.07	107.59	—	5.20
2	5-15 years	104.20	+0.31	103.87	—	6.38
3	Over 15 years	105.22	+0.39	104.80	—	7.78
4	Irredeemables	115.71	−0.38	116.15	—	7.43
5	All Stocks	105.32	+0.20	105.11	—	6.40
6	Debentures & Loans	81.52	+0.24	81.81	0.49	5.92
7	Preference	62.05	+0.02	62.09	0.05	3.74

	AVERAGE GROSS REDEMPTION YIELDS		Mon. July 13	Fri. July 10	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.50	12.52	11.51
2		15 years	13.16	13.21	11.46
3		25 years	13.38	13.43	11.46
4	Medium Coupons	5 years	14.66	14.64	13.00
5		15 years	15.12	15.18	12.95
6		25 years	14.71	14.77	12.88
7	High Coupons	5 years	14.69	14.67	13.10
8		15 years	15.31	15.37	13.32
9		25 years	14.94	15.00	13.22
10	Irredeemables†		12.77	12.72	11.15
11	Debs & Loans	5 years	15.78	15.69	13.74
12		15 years	15.91	15.83	13.76
13		25 years	15.92	15.83	13.76
14	Preference†		16.10	16.02	14.94

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.
● Corrected indices for July 10

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£23¾	+¼	Q$1.40	—	3.0	—
§35	F.P.	22/7	37	28	AlliedResidential 10p	29	+1	b2.45	2.0	12.1	6.0
—	F.P.	—	140	137	Bonusbond	137	......				
Ir£0.50	F.P.	19/6	40	26	✱Bula Resources	32	+5	—	—	—	—
75	F.P.	17/7	91	79	Cambridge Elec.	86	......	b3.7	3.2	6.2	8.7
‖ ‖	F.P.	—	25	19	††Energy Sources	19	......	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	6	−½	—	—	—	—
§10	F.P.	—	21	17	✱ICC Oil services	21	......	—	—	—	32.1
72	F.P.	—	62	52	Jackson Exploration	61	......	Q1.5c	—	1.3	—
95	Nil	7/8	85	69	KCA Drilling	69	......	b3.75	1.7	7.8	8.9
140	F.P.	—	207	194	Memec 10p	205	−2	b30	2.3	2.1	25.4
$12	F.P.	—	640	535	Mexico Fund	535	−25	—	—	—	—
§51	F.P.	20/7	69	61	✱M'film R'prograph.	65	......	b2.5	1.4	5.5	18.8
100	F.P.	24/7	107	98	Murray Technology	99	......	—	—	—	—
‡44	F.P.	30/6	58	40	✱Selec TV	40	......	—	—	—	—
§83	F.P.	17/7	90	80	✱Stanelco	83	−1	—	—	—	25.9
§155	F.P.	3/8	205	190	✱Star Computer	200	......	2.0	4.3	1.4	20.3
§90	F.P.	31/7	98	92	✱Trident Comp.Serv.	98	......	bd1.5	4.0	2.2	16.4
§80	F.P.	14/7	91	85	✱UnitedCeramicDist	88	+1	b4.2	1.9	6.8	10.1
100	Nil	15/7	4pm	1pm	Utd. Comp. & Techgy	1pm	......	—	—	—	—
§88	F.P.	31/7	98	89	✱Zygal Dynamics	95	−1	u0.75	6.3	1.1	14.9

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
—	F.P.	6/7	110	103	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	104	+1
100‖	F.P.	23/7	103½	95	BOC 9% Cnv. Uns. Ln. 2001-6	103	+1½
¶¶	F.P.	26/6	32½p	16p	BPC 7.75% Non. Cum. Prf.	32½p	......
99.87	F.P.	16/7	99⅝	96¼	Finland 14½% Ln. 1986	96¼	−¼
98½	£25	—	25¾	25	Inco 15¾% Uns. Ln. 2006	25½	+¼
§97	F.P.	—	10	9	Mid-Kent Water 9% Red. Prf. 1987	97	......
¶100	F.P.	28/8	98½	97	Mid-Southern Wat. 9% Red. Pref. '86	97	......
‖	Nil	17/7	4¼pm	1pm	Mount Charlotte 9½% Cnv. Ln. 1995-2000	½pm	−½
99	F.P.	27/8	99	91	Newcastle Water 7¾% Red. Pref. 1986	91	......
**	F.P.	10/7	93	89½	Photax 11% Cum. Pref.	90	......
100‖	Nil	23/7	9pm	1pm	Prop. Hld. & Inv. Tst. 8½% Cnv. Ln.	2½pm	−½
¶98	F.P.	28/8	92½	79½	Sund. & S. Shields Water 8% Red. Prf. '87	91½	−1

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p‡	+ or −
190	F.P.	6/7	4/9	237	222	AGB	237	+7
22	Nil	—	—	2pm	1½pm	A.I.D.	2pm	......
45	Nil	23/7	28/8	9pm	5pm	Brengreen	5pm	......
275	125p	13/7	2/12	171	130	B.P.	144	+4
500	F.P.	19/6	15/7	£12	550	Comm. Bk. of Near East	£12	+½
165	F.P.	3/7	7/8	191	178	Crouch (D)	180	+2
150	F.P.	17/6	15/7	170	152	Elbar	170	......
375	Nil	10/7	7/8	410½	400	English Association	402	−1
30	F.P.	6/7	7/8	87	76	Euro Ferries	83	......
55	F.P.	12/6	11/8	68	63½	Fine Art	65	......
255	F.P.	13/7	10/8	380	339	Flight Refuelling	355	......
90	F.P.	10/7	21/8	132	121½	Geers Gross	125	−1
250	F.P.	17/6	24/7	346	269	G.R.E.	325	−4
HK$12	HK$8	—	—	109	66	Hong Kong & Shanghai Bk.	106	......
205	F.P.	8/6	24/7	370	247	Horizon Travel	249	......
315	F.P.	26/6	7/8	343	327	Lyle Shipping	327	−5
70	F.P.	17/6	24/7	82	72	Northern Engineering	81	+1½
50	F.P.	9/7	12/8	73pm	65pm	Old Swan Hotel (H'gate)	65pm	......
60	F.P.	26/5	7/8	69	62	Second City Props	66	−1
6	P.P.	6/5	21/9	11⅛	6½	Sterling Credit	9½	+½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* 9.41 9.83 ..... 3.56
Clive Gilt Fd. (C.I.) 8.21 8.58 ..... 15.38
*Prices on July 9. Next dealing July 16.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 245.0 266.5 ..... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$8.23 — ..... —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 89.9 90.0 ..... 15.00
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa DM34.30 36.05 +0.05 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. July 7 $4.40 4.62 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM17.57 18.42 ..... —
Int. Rentenfonds DM62.83 64.40 ..... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV July 7 US$33.66 35.86 ..... —

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling 40.0 42.0 ..... 7.00
DL International $1.33 1.40 ..... 6.10

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 160.9 174.7xd ..... +1.2

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 64.2 68.4xd 7.31
E. A. Sterling* 69.28 69.33 ..... —
E. A. Equity* 68.77 73.16xd 1.71
Wardgate Cm. Fd.** £17.33 18.09 ..... 2.77
*Next dealing July 15. **Next dealing July 31

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs US$20.24 20.84 ..... 9.20

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FPS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$41.52 +0.05 1.97

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA US$11.53 −0.44 1.30
F. & C. Oriental Fd. US$25.11 −0.04 0.40
Prices July 8. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$39.93 +0.04 1.25
Am. Vals. Cum.Pf. $3* $101.75 ..... 3.00
American Vals. Com.* $26.94 ..... —
Dollar Savings Trust US$81.48 +0.11 17.34
Far East US$36.33 ..... —
International US$43.51 ..... 0.53
Pacific US$114.40 ..... 0.23
World US$24.79 ..... —
Gilt Fund 21.9 22.1 ..... 14.14
*Prices at June 30.

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. 27.3 28.7 ..... 5.70

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming June 30 US$75.29 ..... —

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt
FT-Interzins DM37.57 41.06 +0.01 —
Frankft. Effekt. Fd. DM57.23 60.24 +0.32 —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV June 30 US$148.80 ..... —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor 'B' Units US$1.83 1.88xd 1.07
Anchor Gilt Edge £8.34 8.38xd +0.07 15.16
Anchor Int. Fd. US$8.92 9.16xd 1.06
Anchor In. Jsy. Tst 52.4 55.9 ..... 2.74
Berry Pac Fd. US$73.53 ..... 0.70
Berry Pac Strlg £4.600 4.8048 ..... 0.87
G.T. Asia Fd. HK$25.61 ..... 0.98
G.T. Asia Sterling £35.68 37.13 ..... 1.12
G.T. Australia Fd. A$37.65xd 0.77
G.T. Bond Fund US$11.21xd +0.09 10.30
G.T. Dollar Fd. US$12.94 ..... 1.16
G.T. Dir. (Strlg.) Fd. £15.81 16.46 ..... 0.95
G.T. Invest. Fd. US$18.76 +0.12 0.53
G.T. Japan Small Cos. US$16.70 −0.28 —
Marianne (STG) Fd. £8.43 8.79 ..... 7.10
G.T. Technology Fd. US$27.50 ..... —
G.T. Pacific Fd. US$18.78 +0.20 0.19
G.T. Asean Growth Fd. US$12.69 13.64 ..... 0.38

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) 82.0 86.0 ..... 14.15
Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. US$10.926 11.706 ..... —
HK & Pac. U. Tst. HK$9.844 10.480xd 2.60
Japan Fd. US$26.586 28.456 ..... 0.60
N. American Tst. [illegible] 25.768xd 1.00
Intl. Bond Fund US$9.750 10.272xd 8.93
Gartmore Fund Managers (IOM) (a)
P.O. Box 32 Douglas, Isle of Man Tel. 0624 23911
Gartmore Intl. Inc. 21.8 23.2 ..... 13.00
Gartmore Intl. Grth. 167.9 178.7xd 0.50

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. £113.50 ..... —
Dollar Mngd. Fnd. US$100.75 ..... —

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933
Granville Inv. Tst. £7.45 7.84 ..... 4.78
Next dealing day July 15.

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund £20.35 21.03xd 11.20
Prices at June 25. Next dealing July 30.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East July 9 HK$29.21 31.34 ..... —
Japan Fund July 10 US$11.40 12.22 ..... —

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
†Capital Reserve Fd. £13.32 13.33 ..... 0.21
C.I. Fund 204.6 217.9 ..... 3.56
Special Sits. Fund 77.4 81.5 ..... 3.18
Trans. Nat. Trust $0.976 1.028 ..... 2.90
Intnl. Bond US$99.46 104.69 ..... 9.68
Int. Equity US$16.38 17.77 ..... 1.00
Int. Svgs. 'A' $US 1.25 1.32 ..... —
Int. Svgs. 'B' 1.74 1.83 ..... —
Prices on July 8. Next dealing July 15.
†Excludes initial charge on small orders.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American (US cents) 131.3 138.2 ..... —

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong
Japan Fd.* July 8 US$31.97 33.34 ..... —
Japan Tech. July 6 US$19.89 20.79 ..... —
Malay Sngp.* July 7 US$23.21 24.76 ..... —
Pacific Fd. *July 8 18.891 19.363 ..... —
Bond Fd. *July 9 US$9.720 9.865 ..... 9.00
PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd.† £8.80 8.89xd 13.00
*Inclusive of Preliminary charge. †Weekly dealings.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 200.3 214.3 +1.4 3.09

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 145.6 155.3 −3.7 3.25
H.S. Fxd.Int.Fd. 88.0 93.0 ..... 13.11
H.S. Intnl. Gth. Fnd. 118.6 126.4 ..... —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$24.25 25.22 +0.05 —
CSF Fd. (Acc.) SF18.77 19.19 −0.02 —
Crossbow Fd. SF7.49 7.82 −0.02 —
ITF Fd. (Acc.) US$11.67 13.93 −0.02 —

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. 102.8 109.4 ..... —
Next dealing day August 5.

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (OfferPce) DF72.93 — −0.06 2.47

International Bond Trust
2, Boulevard Royal, Luxembourg
NAV July 13 US$9.70 9.70 +0.05 —

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$4.02 4.14xd 4.83

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Jpn. Fd. Y2,822 ..... 0.50
Do. (Accum.) Y2,840 ..... —
J.F. Japan Small Co. Y12,695 ..... —
J.F. Japan Technology Y11,011 ..... —
Jardine Estn. Tst. HK$1,170.16 ..... 1.00
J. F. Pac. Secs. (Inc.) HK$26.75 ..... 0.50
Do. (Accum.) [illegible] ..... —
Jardine Flem Int. HK$29.74 ..... 0.30
J. F. S.E.A. US$53.65 ..... 1.00
Do. (Accum) US$53.96 ..... —
J.F. Cur.&Bd.Fd.(Inc.) US$11.43 ..... 7.40
Do. (Accum.) US$13.17 ..... —
Japan & Pacific CavTst US$12.97 ..... 5.0
NAV June 30.
London Agents: Robt. Fleming & Co. Tel: 01-283 2400

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund £13.37 13.38 +0.02 —
For Kemp-Gee see Scrimgeour Kemp-Gee.
For Keyser Ullman see Central Assets Management.

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) 7.15 7.20xd 14.00
Gilt Trust (I.o.M.) 85.5 87.6 +0.1 14.00
Gilt Fnd. Guernsey 7.54 7.59xd 14.80
Intl. Govt. Secs. Tst.
First Sterling £14.77 14.87 ..... —
First Intl. $193.09 194.32 ..... —

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000
Guernsey Inc. 96.7 106.3 −1.5 4.98
Do. Accum. 133.0 146.2 −2.0 4.98
K.B. Eurobond Fd. £9.87 9.99 ..... 10.49
K.B. Far East Fd. US$27.89 ..... 1.52
K.B. Gilt Fund £9.05 9.11xd 13.91
K.B. Int. Bd. Fd. Inc. US$83.75xd 10.37
K.B. Int. Bd. Fd. Acc. US$106.01 ..... 10.37
K.B. Intl. Fund US$17.00 ..... 2.29
K.B. Japan Fund US$50.22 ..... 0.70
K.B. Sterl. Asset Fd. £12.66 12.67 ..... —
K.B. U.S. Gwth. Fd. US$22.19 ..... 2.37
Signet Bermuda US$7.58 ..... 1.98
Transatlantic Fd. US$72.94 +0.40 0.41

Kredietbank N.V. (Belgium)
Arenbergstraat 7, B-1000 Brussels
Eurinvest NAV [illegible] — ..... —

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361
Laz. Bros. Int. Cap. US$12.39 13.19xd 1.00
Laz. Bros. Int. Inc. 1063.24 1067.25 +5.01 15.00

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 93.9 99.8 ..... 1.14
Next dealing date July 16.
Lloyds Trust Gilt £8.58 8.59xd 14.26
Next dealing date July 15.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF683.50 728.50 ..... 0.60
Lloyds Int. Income SF275.00 286.00 ..... 6.30

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic July 7 US$6.67 7.10 ..... 0.70
Aus. Ex. July 8 US$6.74 7.10 ..... 0.70
Gold Ex. July 8 US$30.92 32.90 ..... 13.44
Gold Ex. Acc. US$41.59 44.29 ..... 13.44
Island 167.8 178.5 −0.1 3.74
(Accum Units) 261.7 278.4 −0.3 3.74

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. US$11.93 +0.03 —
Bda. Intl. Bd. Fd. Inc US$10.42xd −0.03 12.00
Prices July 10. Next dealing July 20.

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Mid. Drayton Gilt 87.6 88.1 +0.7 13.62
Mid. Drayton Int. Bond US$1.01 1.02 ..... 9.80

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. July 8 SF78.78 85.39 ..... 1.63
Japfest June 30 HK$27.56 29.83xd 0.32
117 Group July 1 US$15.43 16.60 ..... 1.20
Jersey July 8 9.10 9.71 +0.10 0.42
J'sey O's July 1 6.29 6.62 ..... 3.17
Stlg. Res. July 7 £10.71 10.72 ..... —

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. June 30 US$49.57 ..... —
Murray Fd. June 30 US$21.81 ..... —
Pacific Fd. June 30 US$6.50 ..... —

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 43.7 45.0 ..... 13.33
Equity Fund 62.5 65.0 ..... 3.05
International Bond* 50.5 52.0xd 9.86
*Sub. day every Thurs.

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV July 10 US$9.04 — −0.17 —

N.E.L. International Ltd.
P.O. Box 119, St. Peter Port, Guernsey, C.I.
Sterling Deposit 54.5 57.4 ..... —
Sterling Fixed Interest 52.5 55.2 ..... —
Sterling Managed 52.7 55.3 ..... —
Intl. Fixed Interest 62.2 67.6 ..... —
Intnl. Managed 58.5 63.6 ..... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV US$24.04 ..... —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$3.07 3.32 ..... —
Far East Fund US$2.98 3.19 ..... —
Intl. Currency Fund US$1.71 1.85 ..... —
Dollar Fxd. Int. Fund. 2.43 2.63 ..... —
Ster. Exempt Gilt Fd. £1.37 1.48 ..... —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 46.5 48.9 ..... —
Sterling Equity Fd. 72.4 76.1 ..... —
Intnl. Bond Fd. US$0.95 1.00 ..... —
Intnl. Equity Fd. US$1.30 1.37 ..... —
Prices at July 8. Next dealing July 15

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg.Fxd.Int. £0.729 0.772 ..... 12.950
Quest Intl. Secs. $1.159 1.249 ..... 1.28
Quest Intl. Bd. US$0.852 0.902 ..... 11.09
Prices on July 8. Next dealing July 15.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177
Resource Fund Intl. July 1. NAV US$1413.75.
Next dealing date Aug. 3

RBC Investment Managers Limited
PO Box 48, St. Peter Port, Guernsey. 0481-23021.
Intl. Income Fd. US$8.94 9.51 ..... —
Intl. Capital Fd. US$10.30 11.10 ..... —
North America Fd. US$4.81 5.30 ..... —

Raminco Managers Ltd.
P.O. Bx. 1549, Hamilton, Bermuda. (809-29) 2-7979
RAMINCO July 6 £9.14 9.42 ..... —

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust 186.6 191.0 +1.9 —
Do. Diamond Bd. 122.6 129.0 ..... —
Sterling Deposit Bd. 132.65 139.64 ..... 11.46
Atlas Gilt & Cont. Fd. 101.0 106.4 ..... —
UK Gilt Fund 108.5 114.1 +1.1 —
Sapphire Trust 128.9 134.1 ..... —
Petroman Oil Trust 120.9 127.2 ..... —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† [illegible] 2.85 ..... [illegible]
OCSm. Co.*** 126.4 134.4 ..... [illegible]
O.C. Commodity* 96.3 102.4 ..... [illegible]
O.C. Dir. Comdty.† [illegible] 45.82 ..... 2.30
O.C. Hong Kg. Fd.†† HK$45.17 48.05 ..... —
O.C. Sterling Fd.** £13.871 — [illegible]
**O.C. International Reserves Limited
Bel. Francs (Fix.) 672.98 Italian Lira [illegible]
Canadian $ 28.240 Singapore $ [illegible]
D-Mark 43.486 £ Sterling [illegible]
Dutch Guilder 43.355 Swiss Francs [illegible]
FRENCH FRANCS 111.550 U.S.$ [illegible]
*Prices on June 30. Next dealing July 24.
†Prices on July 21. Next dealing July 21.
**Daily dealings. ***July 15. ††Dealing every Wednesday.

Save & Prosper International
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.***‡ DM8.76 9.29 ..... [illegible]
Dlr. Fxd. Int.**‡ US$7.59 8.05 ..... [illegible]
St. Fixed***‡ 97.5 103.1 ..... [illegible]
Yen Bond** Y1363 1435 ..... [illegible]
Equity Funds
Channel Capital‡ 94.2 99.2 +0.8 [illegible]
Internatl. Gr.*‡ US$12.54 13.36 +0.02 —
Far Eastern*‡ US$12.55 13.30 ..... —
North American*‡ US$7.14 7.72 ..... —
Sepro**‡ US$20.12 21.76 ..... —
Trust Channel Isl.‡ 80.3 84.6xd +0.7 [illegible]
Commodity Funds
Commodity****‡ 114.9 121.3 ..... —
Deposit Funds
St. Deposit****‡ 140.2 140.4 ..... [illegible]
Prices on *July 13. **July 8. ***July 10. ****July 9. Weekly dealings. ‡Daily dealings.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 142.2 151.2 ..... —
$Equity US$2.542 2.704 ..... —
£Fixed Interest 174.7 185.8 ..... —
$Fixed Interest US$1.306 1.389 ..... —
£Managed 164.2 174.6 ..... —
$Managed US$1.959 2.074 ..... —

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. £11.0501 11.0503 ..... —
Next subscription day July 15.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000.
Am.Inv.Tst. July 8 US$18.87 −0.55 [illegible]
Asian Fd. July 6 US$31.26 32.75 ..... [illegible]
Cheapside July 10 US$11.08 — +0.10 2.09
Darling Fd. July 10 A$3.51 3.74 ..... 4.50
Japan Fund July 9 US$11.38 12.23 ..... 0.82
Trafalgar Fd. June 30 US$265.69 ..... —

Scrimgeour Kemp-Gee Mngmt., Jersey
1, Charing Cross St. Helier, Jersey. 0534 73741
SKG Capital Fund 161.9 166.8 ..... —
SKG Income Fund 52.7 54.3 ..... 9.45
Gilt Bond £10.65 11.22 ..... —

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund [illegible] 5.5009 ..... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds DM23.29 24.52 ..... [illegible]
Tokyo Trust June 30 US$49.40 ..... [illegible]

Strategic Metal Trust Mngrs. Ltd.
3 Hill Street, Douglas, IOM 0624 23914
Strategic Metal Tr. US$0.975 1.000 ..... —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 153.95 162.05 ..... —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind.Tst. £6.20 6.33 −0.07 —
Copper Trust £13.00 13.31 −0.03 —
Jap. Index Tst. £8.89 9.07 +1.05 —

Surinvest Trust Managers Ltd.
4, Hill Street, Douglas, Isle of Man 0624 23914
The Coin Trust 116.8 123.0 ..... —

TSB Trust Funds (C.I.)
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund Ltd. 84.0 86.0xd 15.12
TSBGiltFd.(Jsy.)Ltd. 84.0 86.0xd 15.12
TSB Jersey Fund 61.0 64.2 ..... 4.48
TSB Guernsey Fund 61.0 64.2 ..... 4.48
Prices on July 8. Next sub. day July 15.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share July 6 US$90.58.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share July 6 US$66.06.

Tyndall Group
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL July 9 £13.45 14.45xd 1.73
(Accum. shares) £23.40 25.00 ..... —
American July 9 146.8 156.2 ..... 2.08
(Accum. shares) 161.0 171.6 ..... —
Far Eastern July 9 191.2 204.0 ..... 0.78
(Accum. shares) 202.6 216.8 ..... —
Jersey Fund July 8 122.8 131.4 ..... 8.74
(Non-J. Acc. Uts.) 228.2 244.2 ..... —
Gilt Fund July 8 93.0 94.8 ..... 12.70
(Accum. Shares) 171.0 174.2 ..... —
30, Athol St., Douglas, Isle of Man. 0624 24111
High Inc. Gilt July 8 95.4 97.2 ..... [illegible]
(Accum Shares) 114.8 117.0 ..... —

Unico Invest. Fd. Mngt. Co., S.A. Lux.
London & Continental Bankers Ltd.
2, Throgmorton Ave., London. 01-638 6111
Unico Invest. Fund DM58.77 61.60 −0.40 —

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda
Internl. Mngd. Fd. US$1.05 ..... —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM16.99 17.90 +0.10 —
Unirak [illegible] 50.59 ..... —
Unirenta DM35.05 36.10 −0.10 —

Vanbrugh Fund Mngmt. Intl. Ltd.
28-34 Hill St., St. Helier, Jersey 0534 36281
Vanbrugh Currency Fd. 103.3 103.4 ..... 7.43

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 01-353 6845
PanAmer. O's. Fd. US$9.16 ..... —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Energy Intl. July 9 US$37.07 — +0.09 —
Merc. Eurbd. July 8 12.01 12.13 ..... 8.57
Merc. May. July 6 14.18 14.20 +0.02 —
Select Rk. June 16 14.69 15.22 ..... —

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. CI 0534 37217
Merc. Com. July 7 £13.58 13.89xd ..... [illegible]
Metal Tst. July 2 £11.64 11.92 ..... —
SMT Ltd. July 9 £15.11 15.50 ..... [illegible]
Merc. Tran. July 10 £15.13 15.51 −0.02 [illegible]

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong
Wardley Trust [illegible] 30.90 ..... [illegible]
Wardley Nikko As. Fd. US$53.10 55.22 ..... [illegible]
Wardley Bond Trust US$10.10 [illegible] ..... [illegible]
Wardley Japan Trust US$20.29 20.85 +0.40 [illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd US$31.56 ..... —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. 45.4 46.8 ..... —
Chinese Fund 86.9 91.6 ..... —
Precious Metal Fund 134.3 [illegible] ..... —
Vanguard Cmdy. Fd. 48.9 50.8 ..... —

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♣. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	66.2	70.1	-0.3	2.07
Abbey Capital	[illegible]	[illegible]	+0.4	4.08
Abbey General	[illegible]	64.0	+0.5	4.80
Abbey Gilt & F.I. Tst.	[illegible]	103.8	+0.4	12.62
Abbey Income	[illegible]	40.1	-0.1	8.75
Abbey W'w Bd Tst.	[illegible]	101.7	+0.2	6.59
Abbey Inv. Ts. Fd.	53.7	58.1	.....	4.15
Equitas Prog. Tst.	84.1	90.9	+0.5	4.58

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314
AHR Gilt Trust ..... 83.4 88.5 +0.1 12.91

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	92.7	99.2	+1.1	5.65
Brit. Inds. Fund	78.0	83.5	+0.6	6.11
Growth & Income	52.7	56.4	+0.3	4.45
Elect. & Ind. Dev.	47.2	50.5	+0.2	4.95
Allied Capital	101.7	108.8	+0.6	4.04
Hambro Fund	136.0	145.5	+0.9	5.51
Hambro Acc. Fund	193.3	206.8	+1.0	3.97

Income Funds

High Yield Fd.	68.9	73.7	+0.2	8.14
High Income	83.4	89.2	+0.2	7.17
Equity Income Fd.	46.6	49.0	+0.3	7.33
Govt. Secs.	23.9	24.5	+0.1	12.65

International Funds

International	40.4	43.2	+0.1	1.92
Japan Fund	32.2	34.4	+0.3	0.18
Pacific Fund	84.4	90.3	+0.3	0.69
Secs. Of America	90.1	96.4	.....	1.71

Specialist Funds

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	34.5	37.7	-0.1	12.06
North American	71.0	76.7	+0.4	2.23
Canadian Exempt*	78.6	83.1	.....	2.77
Canadian Trust	71.9	77.7	+0.3	2.27
Mid Mount High Inc.*	48.8	51.6	.....	9.34
Recovery	58.5	63.9	+0.4	6.73
Gilt Trust	40.0	41.9	+0.2	13.84

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	47.8	51.6	-0.2	0.45
Cres. Internat'l.	95.3	102.9	-0.2	1.46
Cres. High. Dist.	45.0	48.5	+0.5	9.28
Cres. Reserves	52.5	56.7	+0.2	5.29
Cres. Tokyo	43.7	47.1	+0.1	0.27

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324
Total Perf. Unit Tst. 23.7 25.1 ..... 8.31

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485
Disc. Inc. July 10 ..... 250.8 267.5 ..... 4.95

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893
Great Winchester ..... 19.9 22.0 ..... 7.48
Gt. Winchester O'seas ..... 30.5 33.8 ..... 2.98
For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377
Equity & Law ..... 94.5 99.4 +0.6 4.41

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	42.5	45.8	.....	0.43
Ameri.Spec.Sits. (z)	31.6	34.0	.....	0.10
Gilt + Fixed Int.	23.2	24.3	+0.1	13.15
Growth + Income	34.0	36.6	+0.1	7.02
Maximum Inc. Eq. Tst.	29.6	31.9	.....	8.50
Special Sits.	42.9	46.2	+0.3	1.62

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114
Equity Accum. (2) ..... 266.0 280.0 ..... 3.89

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815
Pro. Fund June 30 ..... 150.75 ..... 6.80
Wider Fund June 30 ..... 285.25 ..... 4.76
Narrower Fd. June 30 ..... 74.40 ..... 13.71
*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	76.3	81.6	-0.3	2.07
(Accum. Units)	81.9	87.6	-0.4	2.07
American Recovery	88.3	94.5	-0.2	1.35
(Accum. Units)	91.2	97.6	-0.2	1.35
Australasian	111.5	119.3	+0.1	1.11
(Accum. Units)	116.8	125.0	+0.2	1.11
Commodity	143.6	153.7	+0.4	2.85
(Accum. Units)	169.0	180.8	+0.5	2.85
Compound Growth	196.6	211.3	+0.7	2.96
Conversion Growth	131.7	140.9	+0.9	2.13
Conversion Income	76.7	82.1	.....	9.06
Dividend	129.9	139.6	+1.0	9.36
(Accum. Units)	297.1	319.4	+2.3	9.36
European	59.6	64.1	+0.4	3.37
(Accum. Units)	66.3	71.3	+0.5	3.37
Extra Yield	84.9	92.5	+0.4	9.62
(Accum. Units)	137.9	150.3	+0.6	9.62
Far Eastern	148.5	158.7	-0.7	1.05
(Accum. Units)	169.6	181.5	-0.9	1.05
Fund of Inv. Tsts.	99.1	106.5	.....	4.32
(Accum. Units)	135.3	145.4	+0.1	4.31
General	235.6	253.3	+1.6	5.87
(Accum. Units)	416.1	447.3	+2.9	5.87
Gilt Income	43.7	45.9	+0.3	11.55
(Accum. Units)	45.3	47.6	+0.4	11.55
High Income	112.0	119.8	+0.4	8.66
(Accum. Units)	231.0	247.2	-1.0	8.66
Japan	207.8	222.3	+0.8	0.58
(Accum. Units)	218.5	233.8	+0.8	0.58
Magnum	357.7	379.2	+3.6	5.12
(Accum. Units)	494.7	524.4	+5.0	5.12
Midland	166.0	177.6	+0.8	8.01

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	184.6	198.4	.....	2.48
(Accum. Units)	239.0	256.9	.....	2.48
Income Fnd.	224.5	241.3	+1.2	7.95
(Accum. Units)	397.0	426.8	+2.2	7.95
Gen.	135.4	145.5	-0.7	3.66
(Accum. Units)	186.1	200.1	+1.1	3.66
Europe	22.0	23.6	-0.1	2.66
(Accum. Units)	26.3	28.2	-0.1	2.66
Smaller Co.'s	158.2	170.1	+0.7	2.44
American	57.9	62.2	+1.1	1.08
(Accum. Units)	57.9	62.2	+1.1	1.08
Tokyo	62.5	67.2	-0.1	0.19
(Accum. Units)	62.5	67.2	-0.1	0.19
Gilt & Fixed	45.1	47.4	+0.2	11.81
(Accum. Units)	45.1	47.4	+0.2	11.81
Australian	54.9	59.6	+0.1	1.84
(Accum. Units)	54.9	59.6	+0.1	1.84
*Ph.&C. Fd. June 23	250.1	263.2	.....	5.06
*Recovery July 7	317.4	334.1	.....	3.90
*Spec. Ex. July 7	506.2	532.8	.....	1.89
*Euro.Exempt July 2	111.1	116.9	.....	1.82

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844
Equity Trust Accum. ..... 102.5 110.6 +0.4 5.54

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101
Income Units ..... 66.3 70.5 ..... 5.01
Accum. Units ..... 85.7 91.2 ..... 5.01
Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.
For Security Selection see McAnally Fund Management.

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425
SIMCO Call Fund† ..... 100.0 — 11.71
SIMCO 7-Day Fund† ..... 100.0 — 11.34
†Unauthorised—Cash Deposit Funds.

Stewart Unit Tst. Managers Ltd.(a)

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£26.11	—	+0.01	—
Property Units	£14.47	—	.....	—
Equity Bond/Exec	£17.41	18.42	+0.01	—
Prop. Bond/Exec	£18.95	20.05	.....	—
Bal. Bd./Exec/Unit	£17.58	18.60	-0.02	—
Deposit Bond	141.9	150.2	.....	—
Equity Accum.		316.3	+0.1	—
Property Accum.		£20.25	.....	—
Mngd. Accum.		244.7	-0.2	—
2nd Equity	137.7	145.7	.....	—
2nd Property	147.0	155.6	.....	—
2nd Managed	130.1	137.7	-0.1	—
2nd Deposit	124.1	131.3	.....	—
2nd Gilt	97.8	103.5	-0.4	—
2nd. American	139.3	147.4	+1.4	—
2nd Intl. Money	112.8	119.4	+0.4	—
2nd Eq. Pens./Acc.	170.1	180.0	+0.1	—
2nd Prp. Pens/Acc.	171.0	181.0	.....	—
2nd Mgd. Pens/Acc.	151.4	160.2	-0.1	—
2nd Dep. Pens/Acc.	146.6	155.1	.....	—
2nd Gilt Pens/Acc.	115.6	122.3	-0.5	—
2nd Am. Pens/Acc.	165.9	175.6	+1.7	—
2nd Int. MoneyPens/Acc.	120.0	127.0	+0.4	—
L & E S.I.F.	53.5	57.0	.....	—
L & E S.I.F. 2	37.0	39.5	.....	—

Current value July 10.

Capital Life Assurance♥
Coniston House, Chapel Ash W'ton. 0902 28511
Key Invest. Fd. ..... 114.50 ..... —
Pacemaker Inv.Fd. ..... 86.77 ..... —

Charterhouse Magna Gp.♥
Stephenson Hse., Brunel Centre, Bletchley, Milton Keynes. 0908 641272
Chrthse Energy ..... 62.4 ..... —
Magna Bld. Soc. ..... 170.7 ..... —
Magna Managed ..... 168.3 ..... —

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	243.4	255.6	.....	—
Property Series A	149.5	157.4	.....	—
Managed Units	213.6	224.9	.....	—
Managed Series A	124.8	131.4	.....	—
Managed Series C	109.5	115.3	.....	—
Money Units	153.4	161.5	.....	—
Money Series A	122.4	128.8	.....	—
Fixed Int. Fund	111.8	117.7	.....	—
Equity Fund	122.4	128.9	.....	—
Pns. Managed Cap.	185.8	195.6	.....	—
Pns. Managed Acc.	215.7	227.1	.....	—
Pns. G'teed. Cap.	135.7	142.9	.....	—
Pns. G'teed. Acc.	159.4	167.8	.....	—
Pens. Equity Cap.	143.5	151.1	.....	—
Pens. Equity Acc.	160.4	168.8	.....	—
Pns.Fxd.Int.Cap.	112.5	118.5	.....	—
Pns.Fxd.Int.Acc.	128.4	135.2	.....	—
Pens. Prop. Cap.	119.8	126.1	.....	—
Pens. Prop. Acc.	133.8	140.9	.....	—
Indexed Secs. Cap.	95.5	100.5	.....	—
Indexed Secs. Acc.	95.8	100.9	.....	—
British Fund	96.9	102.2	+0.6	—
Capital Fund	102.6	108.0	+0.6	—
Dollar Fund	113.0	119.0	.....	—
Far East Fund	137.5	144.8	.....	—
Financial Fund	103.5	109.0	+0.3	—
High Yield Fund	104.5	110.1	.....	—
Income Fund	96.9	102.2	+0.4	—
International Fund	114.2	120.3	+0.1	—
Security Fund	99.4	104.7	+0.4	—
Spec. Sits. Fund	106.0	111.6	.....	—

Imperial Life Ass. Co. of Canada
Imperial House, Guildford. 71255
Growth Fd. July 10 ..... 106.3 115.6 ..... —
Pen.Man.Fd. July 10 ..... 97.9 106.5 ..... —

Unit Linked Portfolio

Managed Fund	120.9	127.2	.....	—
Fixed Int. Fd.	110.6	116.4	.....	—
Secure Cap. Fd.	121.2	127.5	.....	—
Equity Fund	139.6	146.4	.....	—
Property Fund	104.0	109.4	.....	—

Norwich Union Insurance Group♥
PO Box 4, Norwich NR1 3NG. 0603 22200

Managed Fund	284.8	299.8	+0.9	—
Equity Fund	487.6	513.2	+1.3	—
Property Fund	192.6	202.7	.....	—
Fixed Int. Fund	169.7	178.6	+1.0	—
Deposit Fund	137.4	144.6	+0.1	—
Nor. Units June 15		291.6	.....	—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876
Wealth Ass. ..... 162.2 170.9 ..... —
Eb'r. Ph.Eq.E. ..... 124.4 131.7 ..... —

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd., N. Waterloo, L'pool 051-928 6655
Pioneer Mtl. Md. Fd. 95.3 100.5 ..... —

Planned Savings Group
25 Worship St., London, EC2A 2AB. 01-920 0661

1st Managed	95.7	101.2	.....	—
1st Fixed Interest	68.0	72.9	.....	—
4th Managed	56.0	59.4	.....	—
5th Managed	67.4	71.4	.....	—
Pension Managed	67.37	71.45	.....	—
Family Managed	144.9	147.8	.....	—
Do. B Managed	78.3	79.9	.....	—
Do. C Britannia	61.1	62.3	.....	—
Do. D Fxd. Int.	93.7	95.6	.....	—
Family Capital Fund	81.7	83.6	.....	—
Family Brit.II	49.2	50.2	.....	—

Premium Life Assurance Co. Ltd.
Eastchester Hse., Haywards Heath, 0444 58721

American Tech. Fd.	116.0	122.0	.....	—
Building Soc. Fd.	97.0	103.0	.....	—
Balanced	104.0	110.0	.....	—
Data Mangd. Fd.	95.0	98.0	.....	—
Deposit	103.0	109.0	.....	—
Gilt	100.0	106.0	.....	—
Natural Resources	88.0	93.0	.....	—
Property	103.0	109.0	.....	—
UK Equity	114.0	120.0	.....	—
International Equity	105.0	111.0	.....	—

Prop. Equity & Life Ass. Co.♥
42 Houndsditch, London EC3A 7AY 01-621 1124
R. Silk Prop. Bond ..... 230.0 ..... —
Do. Equity Bond ..... 104.8 ..... —
Flex Money Bond ..... 158.2 ..... —

Property Growth Assur. Co. Ltd.♥
Leon House, Croydon CR9 1LU. 01-680 0606

Sun Life Pensions Management Ltd.
(funds for individual pension contracts)

Pens. Managed Cap.	153.8	161.9	-0.1	—
Pens. Managed Acc.	160.6	169.1	-0.1	—
Pens. Property Cap.	103.1	108.6	+0.2	—
Pens. Property Acc.	106.6	112.3	+0.2	—
Pens. Equity Cap.	182.6	192.3	+2.7	—
Pens. Equity Acc.	188.6	198.6	+2.8	—
Pens. F. Interest Cap.	96.9	102.1	+0.3	—
Pens. F. Interest Acc.	100.2	105.5	+0.3	—
Pens. Cash Cap.	106.9	112.6	+0.1	—
Pens. Cash Acc.	109.8	115.6	+0.1	—
Pens. Intnl. Cap.	176.0	185.3	-1.0	—
Pens. Intnl. Acc.	183.3	193.0	-1.0	—
Pens. American Cap.	127.6	134.4	-0.7	—
Pens. American Acc.	131.4	138.4	-0.7	—
Pens. Far Estn. Cap.	175.7	185.0	-3.3	—
Pens. Far Estn. Acc.	180.5	190.1	-3.4	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Public Board and Ind.				
64	58	Agric. Mt. 5pc '59-89	60½	......	8.28	13.15
29½	25¾	Met. Wtr. 3pc 'B'	25¾	......	12.11	14.36
114	98½	U.S.M.C. 9pc 1982	104	......	8.75	—
97¾	91	Do. without Warnts.	93	......	9.78	16.90
		Financial				
101½	97½	FFI 14pc '83	98	+¼	14.29	14.97
92	88½	FFI(UK Fn)5½pcDb. '80-2	91½	......	6.19	16.07
83½	77	Do. 6¼pcDb. '81-84	79	+1	8.03	14.90
93	84½	Do. 10½pc Uns.Ln. '86	86xd	+½	12.20	14.90
92	81	Do. 11pc Uns.Ln. '88	82xd	+½	13.41	14.80
92	82	Do. 11¾pc Uns.Ln. '90	83xd	......	14.24	15.58
94½	83½	Do. 12½pc Un. Ln. 1992	87½	......	14.94	15.70
64½	55½	Do. 7¼pcADeb. '89-92	57	......	12.97	15.60
62	54½	Do. 7½pcADeb. '91-94	57	......	13.31	15.40
72½	65	Do. 9pc 'A' '91-94	66½	+1	14.18	15.60
70	63	Do. 8¾pcLn. '92-97	64	+½	14.81	15.70

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
85	58	Antofagasta Rly	85	......	—	—
55	55	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	13.07
28	15	Chinese 4½pc 1898	15	......	—	—
22	14	Do. 5pc 1912	14	......	—	—
18	9	Do. 5pc 1913	9	......	—	—
16	9	Do. 5pc '25 Boxer	9	......	—	—
94	80¾	Denmark 13pc 2005	81¼	+½	13	16.17
40	36	Greek 7pc Ass.	40	......	3½	18.91
35	33	Do. 6pc 28 Stb. Ass.	35	......	3	18.92

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]	[illegible]	Anglo-Dominion	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
55	40	Barymin	49	+2	—	—	—
25½	14	Burma Mines 10p	19	......	0.75	0.9	5.6
330	180	Colby Res. Corp.	265	−5	—	—	—
275	200	Cons. Murch. 10c.	230	......	†030c	1.8	7.5
98	58	††Hemerdon 10c.	58	−2	—	—	—
180	135	Highwood Res.	160	+15	—	—	—
400	300	Northgate C$1	340	+5	—	—	—
580	372	R.T.Z.	525	......	16.0	3.2	f8.1
£125	£93½	Do. 9¼%Cv.Un.Ln.'95-2000	£118	+2	Q9½%	—	f8.2
*51	32	††SPO Minerals 10p	32	......	—	—	—
47	27	Sabina Inds. C$1	29	−1	—	—	—
44	28	††SWCM 10p	36	......	—	—	—
555	465	Tara Expln. $1	550	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ⁑ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations. xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	43	......	Conv. 9% '80/82	£91¾	......
Bertam	12½	......	Nat. 9¾% 84/89	£69⅝	+⅝
Bdg'wtr. Est. 50p	475	−5	Fin. 13% 97/02	£80⅝	+¼
Craig & Rose £1	£12½	......	Alliance Gas	69	......
Finlay Pkg. 5p	21	−1	Arnott	235	......
Graig Ship £1	£20½	......	Carroll (P.J.)	85	......
Higsons Brew.	70	......	Concrete Prods.	93	......
Holt (Jos) 25p	485	......	Heiton (Hldgs.)	30	......
I.O.M. Stm £1	158	......	Ins. Corp.	400	......
Pearce (C. H.)	800	......	Irish Ropes	43	......
Peel Hldgs.	100	......	Jacob	59	......
Sheff. Refrshmt	97	......	T.M.G.	15	......
Sindall (Wm.)	195	......	Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	8
Beecham	18	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lofs"	4½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¼
Brown (J.)	9	"Mams"	20		
Burton Ord.	14	Mrks. & Spncr.	11	**Oils**	
Cadburys	7½	Midland Bank	26	Brit. Petroleum	33
Courtaulds	7	N.E.I.	8	Burmah Oil	16
Debenhams	10	Nat. West. Bank	32	Charterhall	8
Distillers	17	P & O Dfd.	12	KCA	22
Dunlop	8½	Plessey	28	Premier	7½
Eagle Star	25	Racal Elect.	34	Shell	32
F.N.F.C.	3	R.H.M.	5	Tricentrol	30
Gen. Accident	30	Rank Org. Ord.	18	Ultramar	44
Gen. Electric	60	Reed Intnl.	25		
Glaxo	28	Sears	5	**Mines**	
Grand Met.	18	Tesco	5½	Charter Cons.	22
G.U.S. 'A'	44	Thorn EMI	30	Cons. Gold	45
Guardian	30	Trust Houses	15	Lonrho	9
G.K.N.	15	Tube Invest.	18	Rio T. Zinc	45
Hawker Sidd.	25	Turner & Newall	10		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday July 14 1981

Banks hire extra staff to process BP rights issue

BY RICHARD LAMBERT, FINANCIAL EDITOR

THE FOUR London clearing banks have taken on scores of extra temporary staff in the past few weeks to process British Petroleum's £624m rights issue. Applications for the issue, the biggest of its kind, had to be lodged by yesterday afternoon.

BP's shares closed last night at 296p, or 6p above the level at which the Government decided to sell its entitlement to the rights issue. At one point last week, when BP's shares had slipped below 290p, it seemed possible that most of the Government's shares would be left with the underwriters.

But by yesterday afternoon, the City was hopeful that a reasonable amount of the Government's entitlement—worth around £293m—had been bought by BP's other shareholders. It is thought that the bulk of the basic rights issue, which has been underwritten at 275p per share, has been taken up by shareholders.

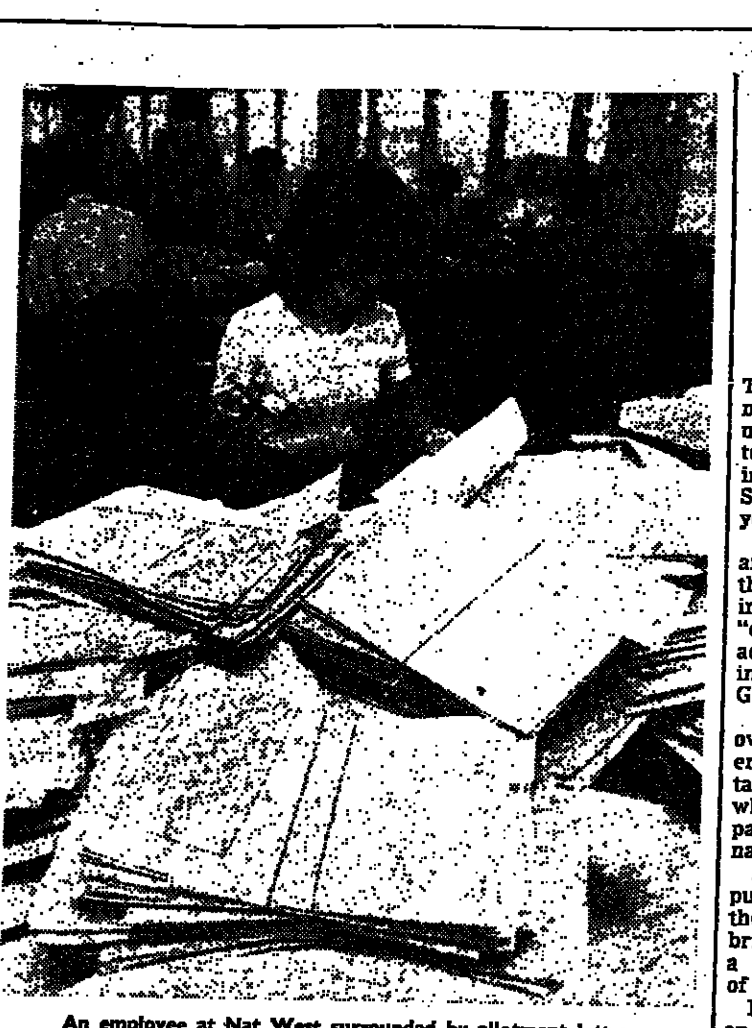
Staff in the clearing banks' new issue departments will be working late for the next night or two, sifting through hundreds of sackfuls of letters containing more than half a million pieces of paper. BP has some 270,000 shareholders in the UK.

Total costs to be borne by the company are estimated at £23.8m, including £6.2m of capital duty.

If the shares remain above the Government's selling price, the banks organising the issue will be able to sell in the Stock Market any of the shares which have not been taken up. That could take place tomorrow or, more likely, on Thursday.

Otherwise, the shares will go to the 600 investment institutions which have been involved in underwriting the issue.

Thursday is also the most likely date for announcement of the results of the issue.



An employee at Nat West surrounded by allotment letters

Firm line stressed on State borrowing

By David Marsh

THE GOVERNMENT is determined to keep a firm rein on nationalised industry borrowing to keep interest rates from rising, Mr Leon Brittan, Chief Secretary to the Treasury, said yesterday.

He told MPs on the Treasury and Civil Service Committee that increased nationalised industry borrowing would "crowd out" private sector activity either by pushing up interest rates or by forcing the Government to raise taxes.

This was inevitable given the overall constraints of the Government's monetary and fiscal targets, he told the committee, which was taking evidence as part of an inquiry into nationalised industry financing.

Increased borrowing by the public sector might also impede the Government's efforts to bring down inflation which was a precondition for resumption of growth, he said.

Mr Brittan said there was not an exact relationship between increases in public spending and the resultant lowering of private sector activity. He came under pressure from Dr Jeremy Bray, Labour MP for Motherwell, who said the committee had evidence based on models of the economy that increases in nationalised industry spending would have a "crowding in" effect by adding to total spending in the economy.

Bank of England officials giving evidence later also appeared less certain than Mr Brittan about the "crowding out" effects.

A Bank of England memorandum presented to the committee said that increased public sector spending would only be offset by reduced private sector activity if total nominal spending were a target of government policy.

However, Mr John Fleming, Chief Advisor at the Bank told the MPs that the government has no such target. It would be difficult to set one because changes in the velocity of money in circulation could affect the total nominal spending figure.

Mr Brittan admitted that with unemployment rising towards 3m "the economy is not suffering from an excess of aggregate demand."

But he said there was "no vast pool" of viable nationalised industry projects to finance.

Mr Brittan defended the treasury policies of restraining nationalised industry borrowing through the system of external financing limits.

External financing limits provided a useful discipline to help guide pay negotiations and to reduce costs. They were not set in an arbitrary way but followed exhaustive discussions with industries.

THE LEX COLUMN

A hiccup in the Xerox machine

The Rank Organisation's share of profits from Rank Xerox has disguised all sorts of blemishes over the years, but in yesterday's interim figures a sharp downturn on Rank Xerox's contribution left the Organisation's weaknesses cruelly exposed. With RX chipping in £39.8m in the half-year to mid-May, against £54m, group pre-tax profits fell to £36.7m from £53.5m. The shares closed 14p down at 154p, where they rest heavily on a 10.3 per cent yield.

Roughly £13m of the decline at RX is put down to currency effects; the average value of sterling against the currencies of the countries in which RX trades was a good deal higher than a year earlier, despite the recent fall in the pound.

Yet underlying margins remain under considerable pressure, mostly in smaller copiers, where prices are falling in places under the impact of intense, predominantly Japanese, competition.

Copy volume is still rising, and although RX has probably given up some share of the smaller copier market, its position at the top end remains formidable. The currency picture is beginning to look better, but RX is unlikely to have a comfortable time until its office information interests become a major contributor to earnings.

In the businesses managed by the organisation, trading profits are up from £6.6m to £7.1m, which looks a disappointing performance given that £4m of losses in film production and TV manufacture have been eliminated since last year. The interest charge, meanwhile, is up by nearly 30 per cent to £14.1m.

In the second half, Rank is suffering from lower occupancy at Butlin's, which contributed £14.6m pre-interest last year. Borrowing would have risen quite sharply in the first half but for the £10m sale of the stake in Rank Estates and the dividend from RX, but Rank seems to be planning some ambitious acquisition in America.

That probably means that for the time being, at least, the dividend is safe; it is covered by franked income from RX washed through to the Organisation shareholders. RX may have its problems, but a market capitalisation for RO of £310m suggests that the market puts no value at all on the rest of the group.

BP rights

Nervous little smiles were the order of the day in the City of London as it became clear that the BP rights issue was not, after all, likely to be a flop and a half. By 3 pm, the final moment for applications, BP's shares had nosed above the 296p level at which the Government's entitlement is to be sold. Although the proportion left behind may still be very large in money terms, it is going to be a lot lower than seemed possible at one point last week.

The counting will take a couple of days yet. Meanwhile the optimists were hoping that over half the Government's shares may have been bought. This hunch helped to push the FT 30-Share Index up by more than 5 points between 3 pm and the close. On this form, it should be possible to place unwanted shares in the market and so relieve the underwriters of all their worries.

News/Collins

After two months, News International's bid for William Collins reaches another deadline this Friday, though not necessarily the last one—the offer can still be further extended. By means of skilful opportunist deals with the disaffected major family shareholder, Mr. Jan Collins, and a habitual trader, Mr Robert Maxwell, News has pushed its holding of the voting shares to 42½ per cent, but it will not necessarily be easy to proceed from here to over the 50 per cent mark. Th remaining shareholders — including Crossburn Trustees, with 16 per cent, and Witan Investment Trust, with 8 per cent—are likely to take a longer term view of the prospects for Collins, which has recovered well from its bad patch of the late 1970s.

Plainly News would like to push up the premium it is paying for the voting shares—at present the offer is 225p against 165p for the non-voters—so that it can win the day at minimum cost. But the Takeover Panel is keen on the concept of "comparability" in such matters, which means the ratio cannot vary much from the historical level set in the market. Unigate found, in its attempted bid for Clifford's Dairies, that the Panel can show its teeth on this kind of issue, and already News has had to make a modest improvement in the offer for the non-voters. The advice to shareholders remains to take no action.

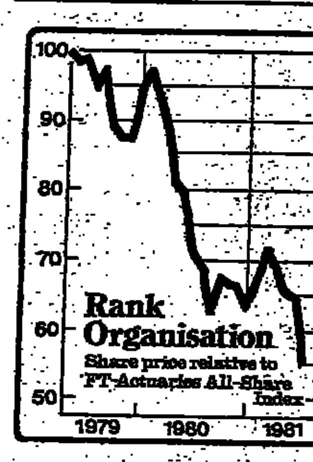
Conoco

Even in a tight money environment, U.S. bankers seem to have had no trouble stitching up multi-billion lines of credit — at least when the purpose is to acquire a big oil company. Yesterday it was Mobil's turn to arrange huge facilities, ostensibly with Conoco in mind. Meanwhile Du Pont formally completed negotiations for $3bn of loans to finance its Conoco merger proposal. Seagram, which arranged its $3bn Eurodollar credit last December, increased its partial counter-bid. In the background lurks Texaco, which is raising $5.5bn and which has also held merger talks with Conoco this year. So an epic battle is in prospect.

The oil majors have joined the takeover rush because there is now thought to be a good chance that the anti-trust regulations will — for the first time in decades — prove relaxed enough to allow such a step. The de-regulation of oil prices makes oil companies with domestic U.S. production highly attractive — and much cheaper than going prospecting. Conoco, with its Alaskan properties, is a natural target now that its management has put up the for sale notice following Seagram's initial approach.

Seagram's $85 a share cash offer for 51 per cent of Conoco's stock remains uncompelling, putting a probable value on the whole company of some 10 per cent below that of Du Pont's share and cash offer for all the stock. Even at the $7bn or so at which the Du Pont offer values Conoco, the assets are going very much on the cheap. If the bidding moves higher, the betting must favour the big guns of Mobil and Texaco, whose net income is running at about three times the level of Du Pont's. Against Du Pont's $7½bn capitalisation, Texaco's is $9½bn and Mobil's $13½bn. Whoever wins, the excitement is likely to wash over to some of the other U.S. domestics.

Index rose 7.5 to 532.1



EEC seeks limits on textile imports

By Larry Klinger in Brussels

THE EUROPEAN Commission yesterdlay demanded stern limits on the growth of textile imports at the Geneva Multifibre Arrangement (MFA) renewal talks. It also called for possible cuts in more sensitive products, geared to consumption levels in Europe.

The EEC Foreign Ministers, after lengthy talks in Brussels, produced the tough bargaining position. But it is couched in terms which, they hope, will allow discussion with developing countries.

While most EEC countries, with France in the forefront, had sought to include such terms as "cuts" and "negative growth' in the Commissions negotiating brief, West Germany, the Netherlands and Denmark fought a successful battle to have them replaced with ambiguities, such as "development rates' and "modifications of base levels."

The fear was that inflammatory language would bring the talks to the verge of collapse almost before they began. This would be a ?—-—?— development in a year that is expected to see the resumption of the North-South dialogue between the industrialised West and the developing world.

The talks, being held in Geneva under the umbrella of the General Agreement on Tariffs and Trad (Gatt), are being undertaken to renew the current four-year MFA, which expires at the end of 1981.

The EEC position is likely to worry the big three developing countries—Hong Kong, Taiwan, and South Korea—because it clearly differentiaties between "highly competitive' and "less developed" countires. It also implies that favoured treatment be given to courpntries which have open-market systems and are, therefore, more receptive to European exports.

However, its vagueness is likely to displease large segments of the European industry.

Commission officials last night also expressed disappointment over the vagueness of the mandate, but relief that inflammatory language had been avoided.

The Commission, while aware that the member states' mood was for a reduction in the currently permissable 6 per cent annual growth of imports under the MFA, has argued for an offer approaching the status quo for the sake of maintaining good relations with the Third World.

However, most of the Ministers would not countenance a softening in their determination to protect their hard-pressed national textile industries, which have recently campaigned to demonstrate the seriousness of their plight.

Polish Communists out to rebuild links with workers

BY ROGER BOYES IN WARSAW

POLAND'S RULING Communist Party is holding an emergency meeting today with the aim of rebuilding the links between workers and the party leadership which have been wrecked during more than a year of social upheaval.

The scene was set yesterday when the party's policy-making central committee released a series of sharply self-critical reports. One admits that Poland has slid into crisis because the party has lost touch with the working class it claims to represent. The congress will try to rebuild a "bridge" and defuse some of the unrest.

Another report says that partly because of the failures of the party, more than 300,000 members, many of them young, have left its ranks since the wave of labour unrest hit Poland.

The Polish Communist Party now has fewer than 3m members, while the Solidarity trade union claims up to 10m.

The reports say the party has to fight to win back credibility within the nation. This means an end to corruption, and possibly action against disgraced top officials including Mr Edward Gierek, the former leader. Last night the ruling Politburo recommended that Mr Gierek and 11 other discredited officials should be stripped of all honours.

There is also a hint of greater accountability of leaders to ordinary members and stronger orientation towards the needs of workers.

This is the first time in an east European state that a Communist party has held a congress with delegates who have been voted in by all party members at multiple-choice elections and by secret ballot. This makes the outcome of the session unpredictable.

Most Polish commentaors yesterday expected Mr Stanislaw Kania to be re-elected first secretary of the party and one senior observer predicted that almost all the delegates would vote for the Polish leader.

Mr Kania represents a moderate centrist line and this is expected to be the direction favoured by most of the delegates.

"But this is a new experience for us, and no-one can rule out the possibility of an upheaval," one reformist politicians said.

Much hinges on the procedure used to make a decision on the post now held by Mr Kania. The vote may be taken by all the delegates as soon as the congress opens today, or the congress may choose first to vote in a central committee which would then vote for the first secretary.

The third possibility is that the delegates will wait until after the central committee election and then vote directly for the party leader.

Delay may favour a rallying of hard-line opposition to Mr Kania, though the conservatives are not strongly represented. Most analysts estimate that they account for only about 10 per cent of the 1968 delegates.

Solidarity, whose activities have driven the party to make unusually broad concessions over the past year, fears that the fundamental problems of economic reform and self-management might be buried under a mound of words.

The union stressed yesterday that it was continuing to look at how plans for worker self-management could be realised.

The congress will divide into 16 working groups later in the week, only one of which will look directly at worker self-management.

Search for a future that works, Page 16

Irish appeal to Britain to deal directly with hunger strikers

BY JOHN WYLES IN BRUSSELS AND STEWART DALBY IN BELFAST

PROFESSOR James Dooge, Ireland's Foreign Minister designate, yesterday urged the British Government to deal directly with the hunger-strike prisoners in the Maze Prison.

His appeal came as tension rose in Northern Ireland after the unexpected death early yesterday of a sixth hunger striker, Mr Martin Hurson, 26, after 45 days without food.

During a short meeting in Brussels with Lord Carrington, the Foreign Secretary, and a longer session with Foreign Office officials, Prof Dooge stressed the Irish Government's concern about the present hunger strikes and the "deepening consequences" that would follow more deaths.

Prof Dooge said afterwards that every hunger strike death was giving new propaganda opportunities to the IRA in Ireland and around the world. This was producing growing public sympathy for the IRA which would not, however, change Irish Government policy but it would "make that policy more difficult to carry out.

"We remain convinced that it is possibie to reach a settlement without any sacrifice of principle," he added.

Dr Garret FitzGerald, the Irish Prime Minister, yesterday called on all sides in the dispute to show "urgency and flexibility."

In Belfast there was sporadic but small-scale violence after Mr Hurson's death.

Three soldiers and one civilian were injured amid petrol bombings and hijacking of vehicles in predominantly Catholic areas of West Belfast.

The Northern Ireland Office delayed the release of Mr Hurson's body to several hundred mourners, including members of his family, because of fears that the coffin would be carried through areas where Protestants were conducting their annual Orange Day parades.

The parades of at least 100,000 Protestants celebrating the 291st anniversary of the Battle of the Boyne, in which King William of Orange decisively defeated the Roman Catholic James II, passed off peacefully. The only incident was at Coalisland, Co Tyrone, when about 200 H-block demonstrators blocked the path of the Orange parade, forcing marchers to turn back.

Until late Sunday evening there had been little indication that Mr Hurson was close to death. But apparently he had been unable to keep down water for two days. Two other prisoners, Mr Kieran Doherty, recently elected to the Irish Parliament, and Mr Paddy Lynch, have been on hunger strike for 52 and 51 days respectively.

Protestant leaders at the Orange Day rallies emphasised the current unrest in Britain. Mr Thomas Passmore, the County Grand Master of Belfast, called upon Orangemen to join him in expressing sympathy to the people of England at the beginning of their "troubles."

Weather

CLOUDY, sunny periods later. Some rain in west.

SE and E England
Dry, sunny periods. Max. 24C

Midlands, Central S England
Sunny periods. Max. 23C.

SW England, Wales, Channel I.
Bright intervals, fog or local drizzle later. Max. 20C.

NW and CN England, Lakes, SW Scotland, Glasgow, Highlands
Sunny intervals. Max. 21C.

IoM, N Ireland, Argyll, NW Scotland
Cloudy, rain later. Max. 18C.

NE England, Border, SE and E Scotland
Sunny periods after cloudy start. Max. 22C.

NE Scotland, Orkney, Shetland
Rain at first, bright intervals developing. Max. 16C.

Outlook: Unsettled, cooler.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	London	C	20	68
Algiers	S	28	82	L. Ang.†	Cl	18	64
Amsdm.	S	21	70	Luxmbg.	C	18	64
Athens	S	28	82	Madrid	S	31	88
Bahrain	S	35	95	Majorca	S	26	79
Barclna.	S	26	79	Malaga	S	27	81
Beirut	S	28	82	Malta	S	25	77
Belfast	C	17	63	Mchstr.	C	19	66
Belgrd.	F	28	82	Mx. C.†		—	—
Berlin	R	21	70	Miami†	S	26	79
Biarritz	C	20	68	Milan	F	27	81
Bmghm.	C	21	70	Montrl.†	R	19	66
Blackp'l	C	16	61	Moscow	S	27	81
Bordx.	C	22	72	Munich	C	19	66
Boulgn.	F	16	61	Nairobi	C	19	66
Bristol	C	17	63	Naples	F	26	79
Brussels	C	19	66	Nwcstl.	F	19	66
Budpst.	F	29	84	N York†	C	28	82
Cairo	S	35	95	Nice	F	25	77
Cardiff	R	16	61	Nicosia	F	26	79
Casbca.	S	27	81	Oporto	S	30	86
Cape T.	F	14	57	Oslo	C	18	64
Chicg.†	C	26	79	Paris	C	19	66
Cologne	C	19	66	Perth	C	16	61
Cpnhgn.	F	18	64	Prague	F	23	73
Corfu	S	28	82	Rykjvk.	R	11	52
Denver†	F	16	61	Rhodes	S	29	84
Dublin	C	17	63	Rio J'o†		—	—
Dbrvnk.	C	25	77	Rome	S	27	81
Ednbgh.	F	18	64	Salzbrg.	C	19	66
Faro	S	30	86	S'ciscot	Cl	9	48
Frankft.	F	21	70	Singapr.		—	—
Funchal	S	24	75	S'tiagot		—	—
Geneva	C	20	68	Stckhm.	F	23	73
Gibrltr.	S	23	73	Strasbg.	C	20	68
Glasgw.	C	17	63	Sydney	F	14	57
G'rnsey	F	15	59	Tangier	S	29	84
Helsinki	F	25	77	Tel Aviv	S	28	82
H. Kong	F	32	90	Tenerife	S	25	77
Innsbrk.	F	22	72	Tokyo	F	31	88
Invrnss.	C	15	59	Tornto.†	S	23	73
I.o.Man	C	15	59	Tunis	S	29	84
Istanbul	F	26	79	Valencia	S	28	82
Jersey	R	15	59	Venice	S	28	82
Jo'burg	S	19	66	Vienna	C	21	70
L. Plms.	S	24	75	Warsaw	F	24	75
Lisbon	S	35	95	Zurich	C	21	70
Locarno	C	25	77				

Cl—Clear. C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Continued from Page 1

Ottawa

The draft communque for Ottawa is understood to be already complete—apart from a general political section to be inserted later—and to contain "no surprises" on inteerst rates

This round of the regular Franco-German consultations—the first since M Mitterrand became President — has been marked by repeated public assurances that bilateral ties are good and will remain so.

M Mitterrand has delighted his German hosts in particular by his firm support for the Nato decision of December 1979 aimed at correcting the East-West intermediate-range nuclear missiles imbalance.

Japan in $400m Soviet steel pact

BY RICHARD C. HANSON IN TOKYO

JAPAN HAS agreed financing terms to supply 750,000 tonnes of large-diameter steel pipe worth $400m—(£212m)—to the Soviet Union.

Details have not been disclosed, but are believed to involve a five-year credit at 7.75 per cent annually, comparable to similar agreements reached with European makers.

The pipe, for natural gas lines in west Siberia, will be shipped between August and next March. In the meantime, talks will take place on possible purchase by the Soviets of 360,000 tonnes of steel plate.

The loan is based on suppliers' credits to the four companies involved—Nippon Steel, Nippon Kokan, Sumitomo Metal Industries and Kawasaki Steel—from the Export and Import Bank of Japan.

The bank refused to go below the Organisation for Economic Co-operation and Development guidelines on direct credits to the Soviet Union. These set a minimum interest rate of 8 per cent over five years. The companies will apparently make up the difference.

Talks had broken off before the companies offered a compromise package. A settlement was apparently not reached until the Japanese negotiating team in Moscow had been ready to depart without an agreement, although because of poor export market conditions elsewhere, Japan had been anxious to complete the deal.

It was feared that without the sale, Japanese production of steel pipe would have been sharply cut from this month. Nippon Steel, which led the mission, said the final agreement was beneficial to both sides.

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